



**Fourth District  
Yorba-Slaughter Adobe, Chino  
Built 1852-53**



**Third District  
Logging in the Big Bear Valley  
Circa 1900**



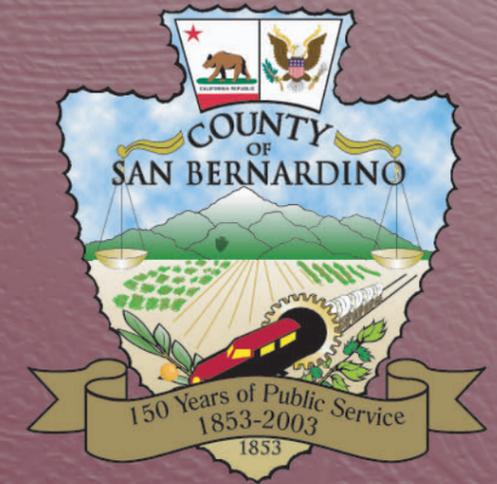
**Fifth District  
Bloomington Fruit Exchange  
Circa 1900**



**First District  
Barstow Train Depot  
Circa 1890**



**Second District  
Madonna of the Trail, Upland  
Dedicated 1929**



**County of San Bernardino  
Auditor/Controller-Recorder  
222 West Hospitality Lane  
San Bernardino, CA 92415-0018**

# **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2003**

**Larry Walker, Auditor/Controller-Recorder**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2003**

**COUNTY OF SAN BERNARDINO**



**ISSUED NOVEMBER 26, 2003**

- Supervisor Bill Postmus.....First District
- Supervisor Paul Biane ..... Second District
- Supervisor Dennis Hansberger, Chairman ..... Third District
- Supervisor Fred Aguiar ..... Fourth District
- Supervisor Jerry Eaves .....Fifth District

**Wally Hill –County Administrative Officer**

*Prepared by the Office of the Auditor/Controller-Recorder  
Larry Walker, Auditor/Controller-Recorder*

**COUNTY OF SAN BERNARDINO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2003**

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# INTRODUCTORY SECTION

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

**AUDITOR/CONTROLLER** • 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830

**RECORDER • COUNTY CLERK** • 222 West Hospitality Lane, First Floor  
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

**LARRY WALKER**  
Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK**  
Assistant Auditor/Controller-Recorder  
Assistant County Clerk

November 26, 2003

**THE HONORABLE BOARD OF SUPERVISORS  
COUNTY OF SAN BERNARDINO**  
**County Government Center**  
385 North Arrowhead Avenue  
San Bernardino, CA 92415-0110

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2003 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

The accompanying Basic Financial Statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the County, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections:

- The Introductory Section includes this transmittal letter, the County's organizational chart, and a list of principal County officials.
- The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements and notes, and supplemental statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with generally accepted accounting principles. The County's MD&A can be found immediately following the report of the independent auditors.
- The Statistical Section includes selected financial and demographic information of the County, generally on a multi-year basis, and is unaudited.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control, are published separately from this report.

## ***THE REPORTING ENTITY AND ITS SERVICES***

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from the eastern part of Los Angeles County. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,000 square miles and includes twenty-four incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

The County provides a wide range of services to its residents including police protection, criminal prosecution, medical and health services, education, senior citizen assistance, roads, library services, support for judicial institutions, airport service, cultural and environmental services, parks and a variety of public assistance programs. Special districts and county service areas provide services to remote geographical areas and rapidly growing communities. These services include fire protection, parks, flood control, water, sewer, street lighting, and roads.

The accompanying Basic Financial Statements include all organizations and other entities, functions and activities of the County for which the County Board of Supervisors is financially accountable. Also included are numerous self-governed school and special districts, for which the County acts as depository. The financial reporting for these entities, which are governed and act independently of the County of San Bernardino, is limited to reporting, as Investment Trust Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

## ***INTERNAL CONTROLS***

The County's internal accounting control system exists to provide reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The County's Internal Audits Division actively participates in evaluating and upgrading the internal accounting control system.

As a recipient of federal and state financial awards, the County also is responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to public assistance programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff.

The County uses the modified accrual basis of accounting for its Governmental, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations of the year. Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term obligations, which is recognized when payment is due. The accrual basis of accounting is used for all Proprietary Fund Types and the Investment Trust Funds. Revenues are recognized when they are earned and become measurable and expenses are recorded when they are incurred.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Budgets are adopted for the General Fund, certain Special Revenue, Debt Service, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the expenditure object level. Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

## **CASH MANAGEMENT**

The County pools its cash to facilitate investment opportunities for increasing interest income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2002-03 was 2.77% and the majority of investments were classified in the lowest credit risk category (see Note 6 to the Basic Financial Statements).

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2003, which is \$17,698,627 greater than amortized cost.

The County Pool represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately \$89 million in "discretionary deposits." The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

Monies deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Interest income, gains and losses are distributed quarterly to the participants based on their average daily balance. Currently, Standard & Poor's Ratings Service rates this investment pool S1+ for market risk and AA+ for credit quality, which are the highest ratings attainable. Fitch current rating for the County pool is AA+V-1+, for meeting the highest credit quality standards for underlying assets, diversification, management and operational capabilities. Moody's Investors Service also rates the investment pool at its highest credit rating, Aaa, and safest market risk rating, MR1. Amounts held in the County investment pool are invested in the Pooled Investment Fund of the County ("County Pool"), which invests in securities according to the Investment Policy adopted by the Board of Supervisors for the County Treasurer-Tax Collector as authorized by Section 53601 of the Government Code of California.

The Treasurer's investment policy allows for the purchase of a variety of securities with limitations as to exposure, maturity and ratings varying with each security type. The composition of the portfolio will change over time as old investments mature or are sold, and as new investments are made. The Pool provides monthly reporting of its assets by sector, average life, fair value and other features to both the Board of Supervisors and the County Treasury Oversight Committee.

The County's Investment policy does not allow investments in derivative instruments in the treasury pool. None of the securities held by the County Pool are considered structured notes that incorporate "derivative" features, i.e., interest rates tied to alternative indices, formulas or other pricing features. Derivative securities exclude traditional floating rate securities tied to indices such as LIBOR, T-Bills, Fed Funds, etc. In addition, the County Pool does not invest in, nor has it ever invested in, "inverse floaters." Although allowed by State law and the County's investment policy, the Pool does not include any reverse repurchase agreements.

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current (June 30, 2003) market value analysis indicates an unrealized gain of approximately \$17.7 million. Historically, the Pool has held most of its securities to their respective maturity dates.

## **CASH MANAGEMENT - Continued**

At June 30, 2003, approximately \$89 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately \$1,320,207,000. The weighted average maturity of all investments at June 30, 2003 was 304 days, with an effective duration of 0.50 years.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

The County utilizes a Countywide banking program with a major bank, which is referred to as "Consolidated Banking," which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

## **DEBT MANAGEMENT**

The County maintained the top debt rating for short-term issues throughout fiscal year 2002-03. For other issues, Standard & Poor's rating is A- with positive economic outlook, and Moody's rating is Baa1. The following is a summary of the County's short-term borrowing highlights of 2002-03.

### **SHORT-TERM BORROWING**

In July 2002, the County issued Tax and Revenue Anticipation Notes totaling \$170,000,000. "Series A" notes consisted of \$25,000,000 issued at a nominal interest rate of 2.50%. "Series B" notes consisted of \$145,000,000 issued at a nominal rate of 3.00%. The true interest cost for both series was 1.68%. Standard & Poor's Rating Service and Fitch assigned ratings of SP-1 and F1+ respectively to both series of notes. These notes matured on July 1, 2003. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

## **RISK MANAGEMENT**

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and Workers' Compensation. Public Liability claims are self-insured up to \$250,000 per claim or occurrence. Excess insurance coverage over the SIR up to \$30,000,000 is with CSAC Excess Insurance Authority Liability Program II (CSAC EIA).

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction and Dishonesty Policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible and excess limits up to \$10,000,000 per claim or occurrence.

Workers' Compensation claims are self-insured up to \$1,000,000 per claim or occurrence. Excess limits up to \$2,000,000 for Employers' Liability and statutory Workers' Compensation limits are provided by an excess Workers' Compensation Insurance Policy through the CSAC EIA.

Property damage claims are insured with the CSAC EIA through the Property Program over a \$25,000 deductible.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance which is accounted for in the General Fund. The liabilities included in the Risk Management Fund are based on the results of actuarial studies and

## ***RISK MANAGEMENT - Continued***

include amounts for claims incurred but not reported and allocated loss adjustment expenses. It is the County's practice to obtain actuarial studies at least biennially. Revenues of the Risk Management Fund together with funds to be provided in the future, via the Security Payment Program or GIC, will provide adequate resources to meet public liability, workers' compensation, property and hospital and medical malpractice liabilities as they come due.

### ***MAJOR INITIATIVES***

In 1995, the National Purchasing Institute established a program designed to recognize the achievement of organizational excellence in public procurement.

For the third year in a row, the County of San Bernardino, Purchasing Department, has been selected to receive the Excellence in Procurement Award jointly presented by the National Purchasing Institute, Inc.; the California Association of Public Purchasing Officers; Florida Association of Public Purchasing Officers; and the Institute for Supply Management, Inc.

This award is based upon an extensive rating system and is presented only to those organizations that demonstrate excellence in procurement practices. The County of San Bernardino received high marks for its continuous improvement program, automation, and utilization of electronic commerce, professional certification, and environmental purchasing policy.

A total of 100 awards were given nationally in 2003, 31 of those in California, with the County of San Bernardino one of only eight counties in California to receive the award. In addition, the County of San Bernardino is one of only ten counties nationally receiving the award at least three consecutive years.

The Health Insurance Portability and Accountability Act (HIPAA) was signed into law on August 21, 1996 and is also known as the Kennedy/Kassebaum Act (Public Law 104-191). The Act was originally intended to ensure the portability of health insurance when an individual moves from one health plan to another.

As the act progressed through the Federal Legislative process, its scope expanded. The Act consists of five titles:

- Title I addresses health care access and the portability of health insurance plans.
- Title II addresses fraud and abuse and the resulting penalties as well as administrative simplification and the privacy of individually identifiable health records.
- Titles III, IV and V amend the Internal Revenue code and address Medical Saving Accounts and other tax related provisions.

Title II of the Act is currently in the implementation stages and requires action by the County. In response to this, the County has established a HIPAA Oversight Committee that has determined that a countywide policy statement regarding individually identifiable health information is necessary as part of the County's compliance plan. The objectives of the policy statement are to:

- Promote and maintain the faith and confidence of the public in the County's use and disclosure of protected health information.
- Inform employees of the importance of protecting the integrity and confidentiality of health information.

The policy statement was submitted to and approved by the Board of Supervisors. In addition to the policy statement, two standard practices were developed and an assessment of all County departments was conducted. The purpose of the assessment was to determine which County departments are covered by HIPAA. The covered departments completed a gap analysis to determine what type of remediation within the department must occur to comply with HIPAA.

## **MAJOR INITIATIVES - Continued**

In fall of 2002, an RFP for HIPAA training was released and subsequently the County contracted with a vendor for on-line Internet based training with pre and post testing. This was the County's first use of massive on-line training and approximately 5,000 staff members were trained in six months. Covered County departments are currently working on the policy and procedures for HIPAA compliance.

The County of San Bernardino Transitional Assistance Department (TAD) is responsible for administering the USDA Food and Nutrition Service Food Stamp program to County residents under the guidance of the State of California.

For federal fiscal year 2000-2001, the County's Food Stamp error rate was 14.5% or 5.84% over the national federal tolerance level of 8.26%. As of April 2003 of this federal fiscal year, the County's error decreased significantly and is at 4.75%. It is expected that the County will be considerably under the federal tolerance level for federal fiscal year 2002-03.

In April 2003, members from TAD staff made a presentation to representatives of the USDA Food and Nutrition Service, California Department of Social Services, and other California counties regarding San Bernardino County's best practices. The County received praise from federal, state and local officials on best practices that have been implemented resulting in a significantly reduced food stamp error rate. As a further indication of the success of these best practices, TAD staff was asked to make individual presentation to other counties at federal government expense.

The County of San Bernardino Board of Supervisors approved the selection of ING Financial Services as the investment provider for the County's 457(b), 457(f) and Permanent Seasonal and Temporary (PST) deferred compensation plans, as well as the 401(k) and 401(a) defined contribution plans. A three-year contract was signed with ING to provide essential enhancements and improvements to these plans. They included:

- The elimination of participant paid administration fees, as well as a reduction in fees, charges and expenses (estimated savings of \$440,400 annually, and \$1.5 million over the three year period of the contract).
- Annual payment to the County in the amount of \$437,000 to cover operation and oversight of the programs.
- Major improvement in participant education and advice.
- Inclusion of a self-directed brokerage account.
- A new core fund menu designed to improve the maximum net return to participants and reduce the participant's expenses.

The County of San Bernardino local Child Support agency launched a major project during March 2003 to research and disburse unreconciled collections from their former legacy financial system. These collections required in depth research and analysis to determine the proper disposition.

In August of 2000, the Child Support agency converted from their legacy financial system to a new financial system. After all data was converted, the amount of undisbursed collections was \$1,957,709 with an associated 2,190 cases. Multiple staff devoted a tremendous amount of time and energy into making this project of identifying and disbursing the money a success.

At the end of the project the undisbursed balance remaining in the legacy trust account was \$35,065 associated with 80 cases. It has been determined that the majority of these remaining funds cannot be identified or disbursed for various reasons, including bad address information on both the custodial parent and the non-custodial parent. Once all options for disbursing the remaining funds have been exhausted, the balance will be escheated to the County General Fund in accordance with State guidelines.

## ***ECONOMIC CONDITION AND OUTLOOK***

The County of San Bernardino is the largest County in the contiguous United States, consisting of 20,180 square miles. The County contains 24 incorporated cities, has a diverse population of more than 1.8 million and covers more territory than the states of Rhode Island, Delaware, Massachusetts, and New Jersey combined. Its population is greater than that of Alaska, Hawaii, Nevada, Maine, Rhode Island, New Hampshire, Wyoming, Montana, Idaho, Delaware, North Dakota, South Dakota or Vermont.

The County of San Bernardino continues to hold its ranking as one of the fastest growing and most populous counties in the state, ranking fourth after Los Angeles, San Diego, and Orange counties. While businesses continue to relocate to San Bernardino County for its available land, families look toward the affordable housing offered as compared to neighboring Los Angeles and Orange Counties.

San Bernardino County's 2002-2003 fiscal year reflected the economy of the state and the nation. The state's budget crisis impacts all sectors of the economy; and the Inland Empire is affected disproportionately due to its continued rapid population growth. The County's overall economy continues to grow to meet the demands of its 1,832,966 population, with a 2.7% increase in employment totaling 18,600 new jobs, and an advanced median household income of \$47,400.

Sales of new and existing homes in the County continue to rise, due to the continued demand for affordable housing in the region. This demand is directly related to the continued migration of families from the higher priced coastal counties of California, and immigrants seeking better opportunities. The Inland Empire is the growth engine of new housing in Southern California and this distinction is expected to continue. Both real estate and construction principals optimistically forecast a steady climb in future home sales.

With the expansion of businesses and the influx of new families into San Bernardino County, educational institutions continue to face the challenge in meeting the demand. Intercollegiate collaboration has created a diverse labor force that is comprised of a wide range of talent and skill levels. The Metrolink commuter rail service links San Bernardino County commuters with other rail and bus lines in the Los Angeles and Orange County areas—thereby allowing most of Southern California to benefit from the County's proficient work force. The County's diverse labor force is one of its greatest economic assets, second only to its strategic location that is supported by a superb transportation network.

The County of San Bernardino's overall economy is sustained through its outstanding transportation network that includes Ontario International Airport, Southern California International Airport, Southern California Logistics Airport, 17 municipal airports, two major transcontinental railroads with intermodal facilities and classification yards, and many miles of quality interstate highways. The strategic location of the region allows logistic distribution operations to be positioned within close proximity of the West's two largest ports: Los Angeles and Long Beach. Businesses located within the County effectively and efficiently serve markets throughout California, the Western U.S., and the Pacific Rim. Ensuring the County's role as a major transportation center is its desirable Southern California location that allows for the many cargo carriers entering or leaving California to pass through San Bernardino County on their way to the world.

A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network, and one of the last sources of affordable and available land within the greater Los Angeles area, assure that the County of San Bernardino's economic viability continues in the twenty-first century.

### **INDEPENDENT AUDIT**

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants and independent auditors. The auditors' report is included in the financial section, which is an integral part of this Comprehensive Annual Financial Report.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. This was the fifteenth consecutive year that the County has received this prestigious award.

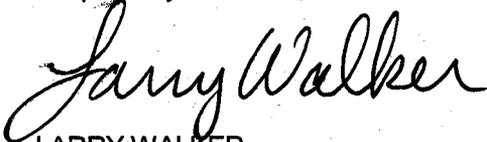
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

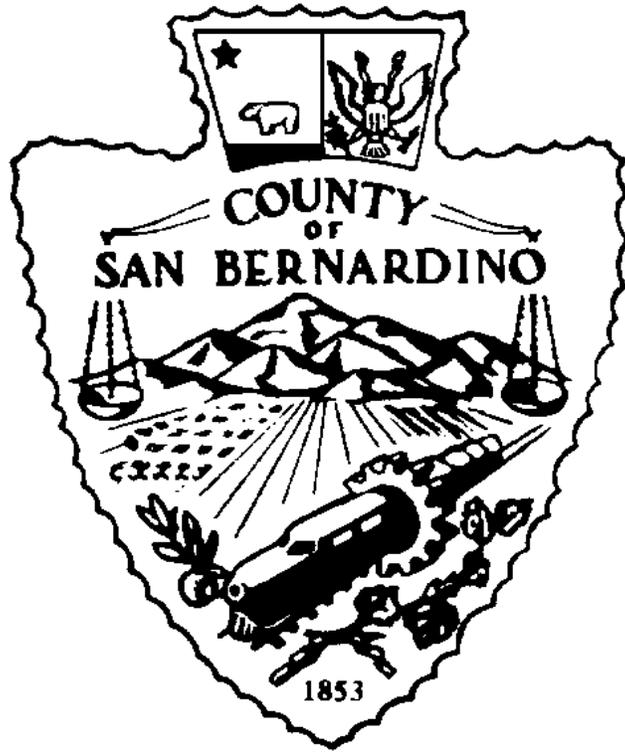
### **ACKNOWLEDGEMENTS**

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of a concentrated, dedicated and coordinated effort by the entire Auditor/Controller staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audits, and Reimbursable Projects staff and our independent auditors, Vavrinek, Trine, Day & Co., LLP, for their assistance in the report preparation. I would also like to thank all County departments who have participated in its preparation.

Respectfully submitted,



LARRY WALKER  
AUDITOR/CONTROLLER-RECORDER



**COUNTY OF SAN BERNARDINO  
DIRECTORY OF COUNTY OFFICIALS**

**ELECTED**

COUNTY SUPERVISOR, FIRST DISTRICT (VICE CHAIR) .....BILL POSTMUS

Note: Supervisor Postmus became Vice Chair on January 7, 2003.

COUNTY SUPERVISOR, SECOND DISTRICT ..... PAUL BIANE

COUNTY SUPERVISOR, THIRD DISTRICT (CHAIR).....DENNIS HANSBERGER

Note: Supervisor Hansberger served as Vice Chair from January, 2001 to January 7, 2003, and became Chair on January 7, 2003.

COUNTY SUPERVISOR, FOURTH DISTRICT ..... FRED AGUIAR

Note: Supervisor Aguiar served as Chair from January, 2001 to January 7, 2003.

COUNTY SUPERVISOR, FIFTH DISTRICT .....JERRY EAVES

ASSESSOR .....DONALD E. WILLIAMSON

AUDITOR/CONTROLLER-RECORDER.....LARRY WALKER

CORONER/PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN/CONSERVATOR..... BRIAN McCORMICK

DISTRICT ATTORNEY ..... MIKE RAMOS

Note: Mike Ramos took office on January 6, 2003. Prior to that date, Dennis Stout served as District Attorney.

SHERIFF..... GARY PENROD

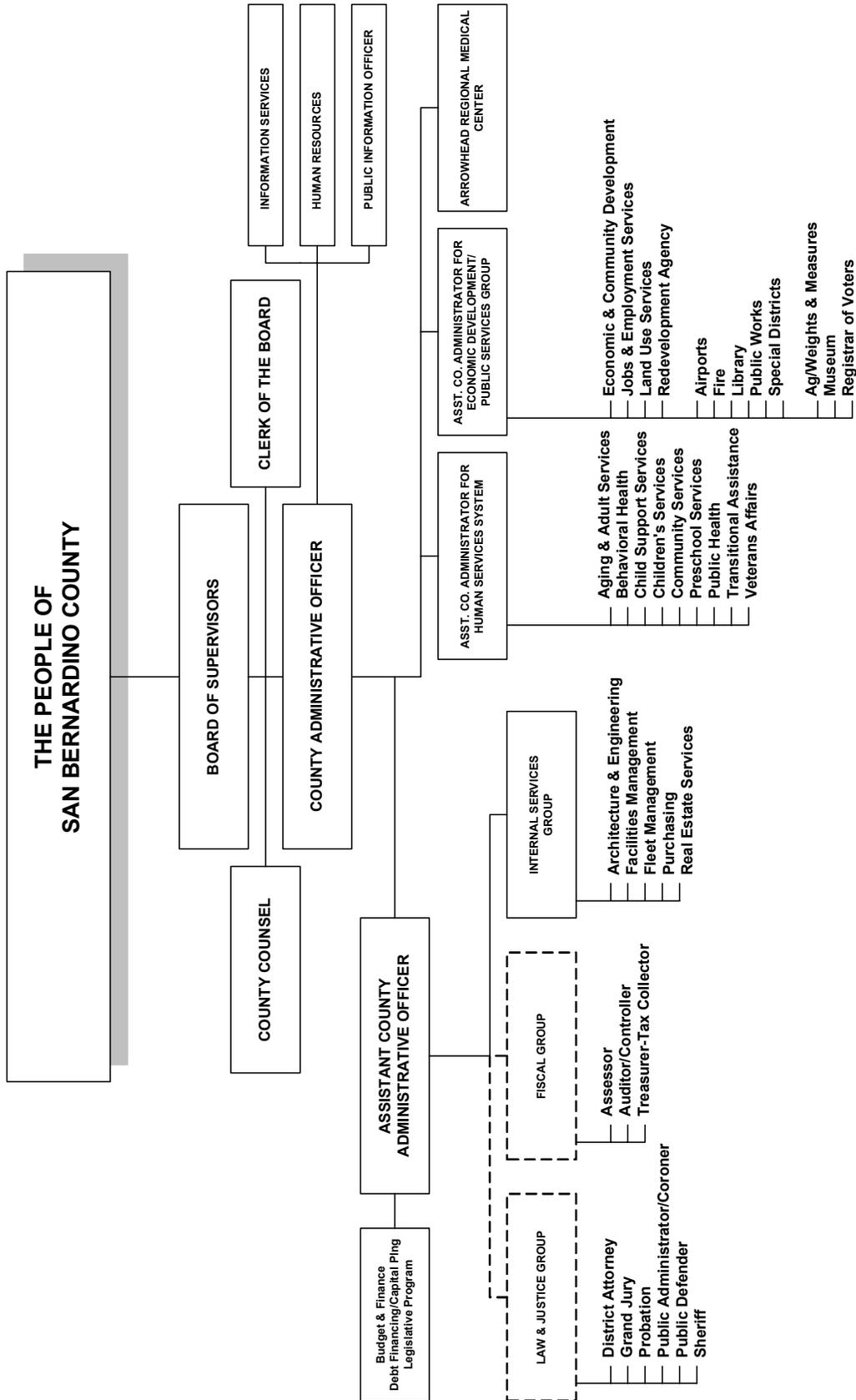
SUPERINTENDENT OF SCHOOLS ..... DR. HERBERT R. FISCHER

TREASURER-TAX COLLECTOR..... RICHARD LARSEN

**COUNTY OF SAN BERNARDINO  
DIRECTORY OF COUNTY OFFICIALS**

**APPOINTED**

AGING AND ADULT SERVICES.....	MARY SAWICKI
AGRICULTURAL COMMISSIONER/SEALER.....	EDOUARD P. LAYAYE
AIRPORTS .....	BILL INGRAHAM
ARCHITECTURE AND ENGINEERING.....	DAN OJEDA
BEHAVIORAL HEALTH .....	RUDY LOPEZ
CHILD SUPPORT SERVICES.....	CORY NELSEN
CHILDREN'S SERVICES.....	CATHY CIMBALO
CLERK OF THE BOARD OF SUPERVISORS .....	J. RENEE' BASTIAN
COMMUNITY SERVICES DEPARTMENT .....	PATRICIA L. NICKOLS
COUNTY ADMINISTRATIVE OFFICER.....	WALLY HILL
COUNTY COUNSEL.....	ALAN K. MARKS
COUNTY LIBRARIAN .....	ED KIECZYKOWSKI
ECONOMIC AND COMMUNITY DEVELOPMENT.....	THOMAS R. LAURIN
ECONOMIC DEVELOPMENT/PUBLIC SERVICES GROUP.....	JOHN GOSS
FACILITIES MANAGEMENT .....	DAVE GIBSON
FIRE DEPARTMENT/FIRE WARDEN .....	PETER R. HILLS
FLEET MANAGEMENT.....	ROGER G. WEAVER
HUMAN RESOURCES.....	MARCEL TURNER
HUMAN SERVICES SYSTEM .....	CAROL ANSEMI
INFORMATION SERVICES.....	LEYDEN HAHN
JOBS AND EMPLOYMENT SERVICES DEPARTMENT (INTERIM).....	BARBARA HALSEY
LAND USE SERVICES.....	MICHAEL HAYS
MEDICAL CENTER.....	MARK UFFER
MUSEUM .....	ROBERT McKERNAN
PRESCHOOL SERVICES.....	ROBERTA YORK
PROBATION.....	RAYMOND B. WINGERD
PUBLIC DEFENDER.....	JOHN ROTH
PUBLIC HEALTH .....	JAMES FELTON
PUBLIC WORKS .....	KEN MILLER
PURCHASING.....	AURELIO W. DE LA TORRE
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REGISTRAR OF VOTERS .....	SCOTT KONOPASEK
SPECIAL DISTRICTS .....	EMIL MARZULLO
TRANSITIONAL ASSISTANCE DEPARTMENT.....	LINDA HAUGAN
VETERANS' AFFAIRS.....	BILL J. MOSELEY



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Bernardino,  
California

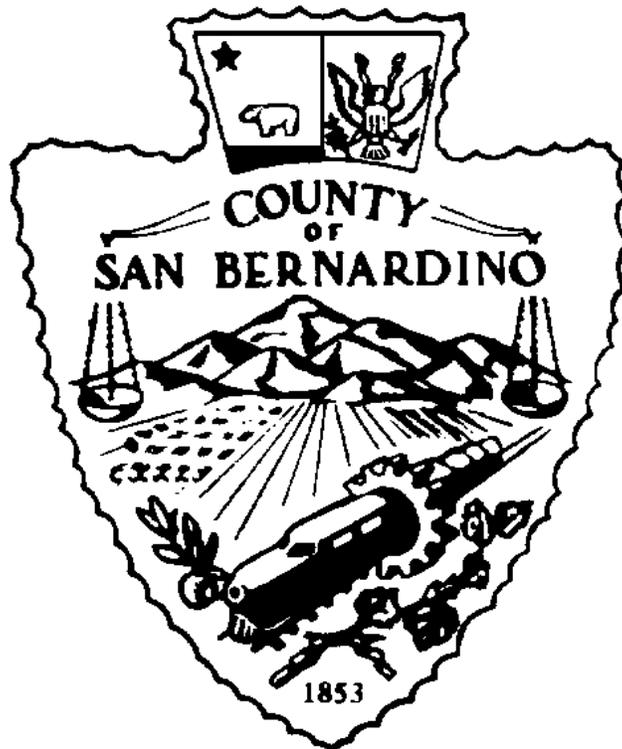
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

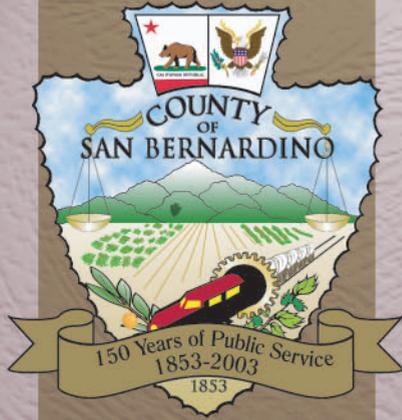
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



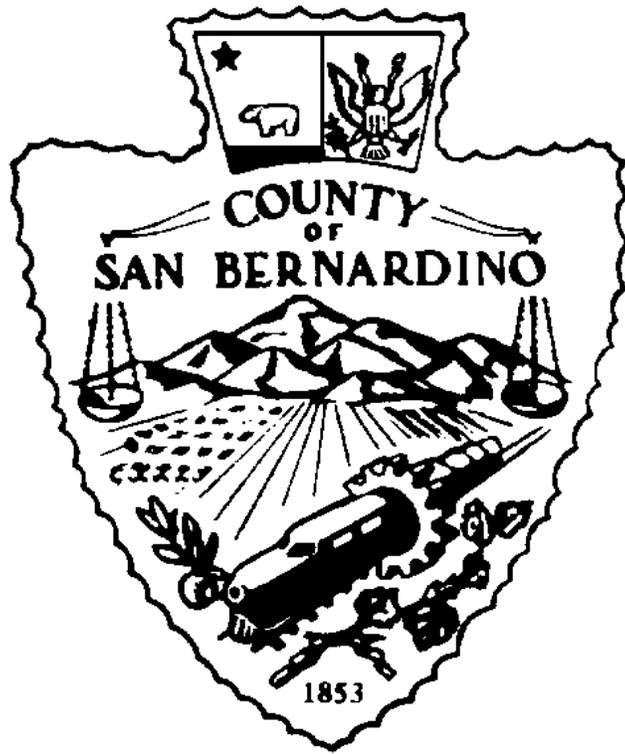
President

Executive Director





# FINANCIAL SECTION





## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors  
County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, business-types activities, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-types activities, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

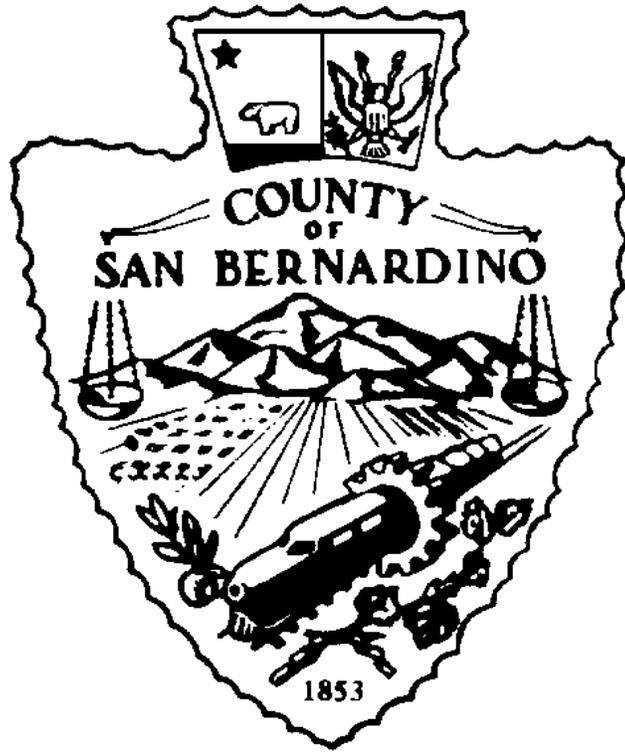
The management's discussion and analysis on pages 19 through 34 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

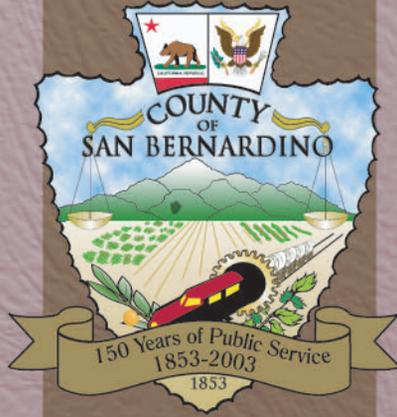
In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, and combining individual non-major fund statements and schedules, and statistical section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Vavrinek, Treine, Day & Co., LLP*

Rancho Cucamonga, California  
November 26, 2003





# MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2003

This section of the County's annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic statements following this section.

#### FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$ 58,454. The net increase is attributable to the \$66,437 increase in governmental activities net assets and the \$7,983 decrease in business-type activities net assets.
- As of June 30, 2003, the County governmental funds reported combined fund balances of \$620,114, an increase of \$29,219 in comparison with the prior year. Approximately 79.5% of the combined fund balances, \$492,794 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$256,818, or 16% of the total general fund expenditures.
- The County's total capital assets increased by \$73,900 in comparison with the prior year. (See further detail on page 32)
- The County's total long-term debt decreased by \$29,904 in comparison with the prior year. (See further detail on pages 33).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets and liabilities of the County using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## Management's Discussion and Analysis (Amounts in thousands)

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollectible taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Ultrascreen Theater, the Museum Gift Shop, and the Regional Parks Snack Bar Operations.

Component units are blended in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provided services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, (“JPAs”) including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, Inland Empire Solid Waste Financing Authority, San Bernardino County Financing Authority and the Crestline Financing Authority.

**The government-wide financial statements can be found on pages 37 - 38 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

## **Management's Discussion and Analysis** (Amounts in thousands)

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains thirty-one individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**The governmental funds financial statements can be found on pages 41 - 43 of this report.**

**Proprietary funds** are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Ultrascreen Theater, the Museum Gift Shop, and the Regional Parks Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, records management, central mail services, telephone services, computer operations, vehicle services, self-insured worker's compensation, public liability, property conservation, and safety programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Medical Center and Waste Systems Division are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**The proprietary fund financial statements can be found on pages 44 - 46 of this report.**

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**The Fiduciary fund financial statements can be found on pages 47 - 48 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 50 - 92 of this report.

## Management's Discussion and Analysis (Amounts in thousands)

### Supplemental Information

The Supplemental Information section of this report contains the combining statements and additional budgetary comparison schedules as well as the statistical section. This section is presented to provide additional information that is useful to the users of these financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$982,908 at the close of the most recent fiscal year.

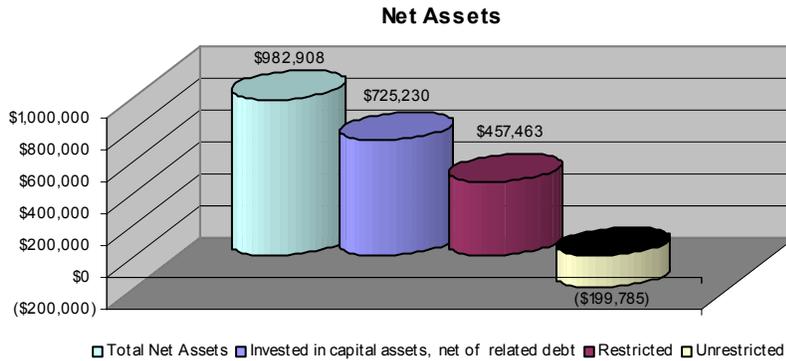
	Governmental Activities		Business-Type Activities		Total	
	As Restated		As Restated		As Restated	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 1,004,708	\$ 973,743	\$ 307,178	\$ 291,091	\$ 1,311,886	\$ 1,264,834
Capital assets	1,120,463	1,089,154	626,075	666,849	1,746,538	1,756,003
Total assets	<u>2,125,171</u>	<u>2,062,897</u>	<u>933,253</u>	<u>957,940</u>	<u>3,058,424</u>	<u>3,020,837</u>
Current and other liabilities	298,065	290,404	40,690	39,313	338,755	329,717
Long-term Liabilities	888,450	900,274	848,311	866,392	1,736,761	1,766,666
Total liabilities	<u>1,186,515</u>	<u>1,190,678</u>	<u>889,001</u>	<u>905,705</u>	<u>2,075,516</u>	<u>2,096,383</u>
Net assets:						
Invested in capital assets, net of related debt	789,223	792,956	(63,993)	(39,382)	725,230	753,574
Restricted	410,106	397,757	47,357	44,130	457,463	441,887
Unrestricted	(260,673)	(318,494)	60,888	47,487	(199,785)	(271,007)
<b>Total Net Assets</b>	<u>\$ 938,656</u>	<u>\$ 872,219</u>	<u>\$ 44,252</u>	<u>\$ 52,235</u>	<u>\$ 982,908</u>	<u>\$ 924,454</u>

The largest portion of the County's net assets of \$725,230 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net assets represents restricted net assets of \$457,463. This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

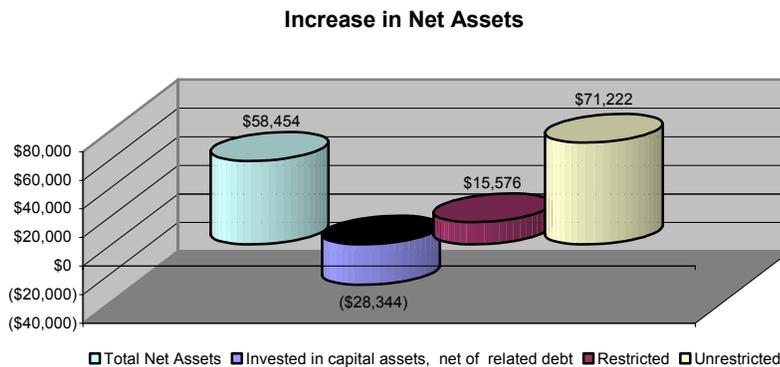
The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligation to citizens and creditors. The deficit balance for unrestricted net assets was primarily caused by the County's election to issue the 1995 Pension Obligation Revenue Bonds, which were used to fund the unfunded accrued actuarial long-term liability with respect to the retirement benefits of the County's employees. The issuance of the Revenue Bonds is not a reflection of the County's lack of resources to meet its current and ongoing obligations to the citizens and creditors. The current principal balance on the Pension Obligation Revenue Bond is \$434,889 (for more detail see Note 11 page 76)

## Management's Discussion and Analysis (Amounts in thousands)



For business-type activities, the County reported a negative balance of \$63,993 invested in capital assets, net of related debt. This negative balance was due primarily to the Medical Center's capital assets that are being depreciated faster than the related debt schedule payments.

The County's net assets increased \$58,454 during the current fiscal year. The remainder of this growth largely reflects increases in other state and federal operating grants and the increase in charges for services.



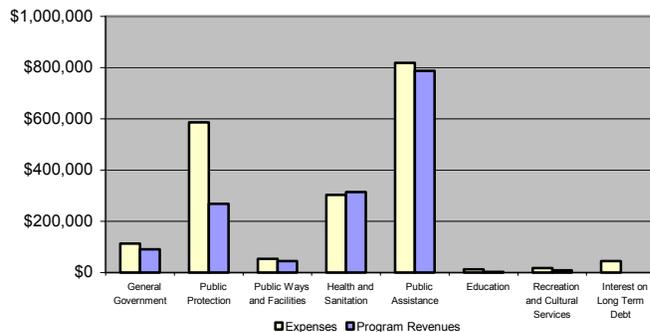
## Management's Discussion and Analysis (Amounts in thousands)

The following table indicates the changes in net assets for governmental and business-type activities.

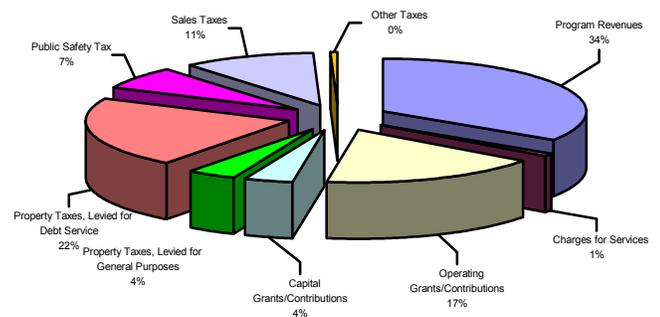
	Governmental Activities		Business-Type Activities		Total	
	2003	As Restated 2002	2003	As Restated 2002	2003	As Restated 2002
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 343,164	\$ 317,916	\$ 381,593	\$ 357,744	\$ 724,757	\$ 675,660
Operating Grants/Contributions	1,159,751	1,199,367	15,621	46,814	1,175,372	1,246,181
Capital Grants/Contributions	14,780	7,705	29,735	30,365	44,515	38,070
General Revenue						
Property Taxes, Levied for General Purposes	185,768	181,558	7,221	4,110	192,989	185,668
Property Taxes, Levied for Debt Service	4,224	4,173	-	-	4,224	4,173
Public Safety Tax	94,206	90,363	-	-	94,206	90,363
Sales Taxes	21,766	19,572	-	-	21,766	19,572
Other Taxes	20,167	14,797	-	-	20,167	14,797
Motor Vehicle In-Lieu taxes	117,661	111,964	-	-	117,661	111,964
Unrestricted Revenues from Use of Money and Property	37,247	51,769	14,107	17,185	51,354	68,954
Miscellaneous	58,393	73,186	3,281	3,700	61,674	76,886
Gains on Sale of Capital Assets	2,332	1,834	168	-	2,500	1,834
<b>Total Revenues</b>	<b>2,059,459</b>	<b>2,074,204</b>	<b>451,726</b>	<b>459,918</b>	<b>2,511,186</b>	<b>2,534,122</b>
<b>Expenses:</b>						
General Government	113,270	121,398	-	-	113,270	121,398
Public Protection	586,715	532,666	-	-	586,715	532,666
Public Ways and Facilities	53,849	54,690	-	-	53,849	54,690
Health and Sanitation	303,216	332,361	-	-	303,216	332,361
Public Assistance	818,786	804,164	-	-	818,786	804,164
Education	12,782	14,826	-	-	12,782	14,826
Recreation and Cultural Services	17,456	15,321	-	-	17,456	15,321
Interest on Long Term Debt	45,109	49,542	-	-	45,109	49,542
Medical Center	-	-	418,332	399,621	418,332	399,621
Waste Systems	-	-	62,393	43,493	62,393	43,493
Other	-	-	20,823	17,000	20,823	17,000
<b>Total Expenses</b>	<b>1,951,183</b>	<b>1,924,968</b>	<b>501,548</b>	<b>460,114</b>	<b>2,452,731</b>	<b>2,385,082</b>
Excess (Deficit) before Transfers	108,276	149,236	(49,822)	(196)	58,455	149,040
Transfers	(41,839)	(9,208)	41,839	9,208	-	-
Increase in Net Assets	66,437	140,028	(7,983)	9,012	58,455	149,040
Net Assets -- Bgning of Year, as Restated	872,219	732,191	52,235	43,223	924,454	775,414
<b>Net Assets -- End of Year</b>	<b>\$ 938,656</b>	<b>\$ 872,219</b>	<b>\$ 44,252</b>	<b>\$ 52,235</b>	<b>\$ 982,909</b>	<b>\$ 924,454</b>

**Governmental activities.** Governmental activities increased the County's net assets by \$66,437. The overall increase in net assets is the result of ongoing revenues exceeding ongoing expenditures.

**Expenses and Program Revenues-Governmental Activities**



**Revenues by Source-Governmental Activities**

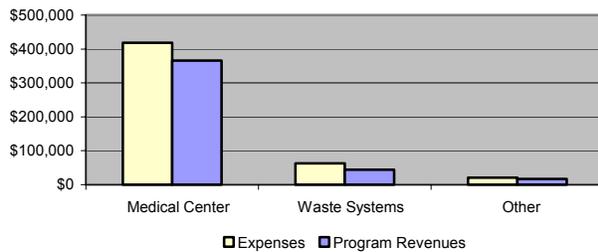


## Management's Discussion and Analysis (Amounts in thousands)

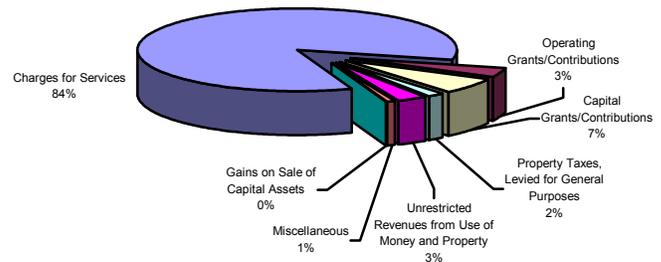
**Business-type activities.** Business-type activities decreased the County's net assets by \$7,983.

The net decrease in net assets was primarily due to the activities in the Waste Systems Division. The Key factors in the decrease were the decrease in transfers in from the General Fund of approximately \$6,400 and the increase in professional services, insurance, environmental and infrastructure mitigation, closure/post closure, and depreciation and amortization expenses, in the amounts of \$3,100; \$2,000; \$1,700; \$9,000; and \$3,000 respectively.

**Expenses and Program Revenues- Business-type Activities**



**Revenues by Source-Business-type Activities**



### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2003, the County's governmental funds reported a total fund balance of \$620,114, an increase of \$29,219 in comparison with the prior year. Approximately 79.5% of the total fund balance, \$492,794 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$48,947; 2) to reflect inventories and the amounts due from other funds that are long-term in nature and thus do not represent available spendable resources of \$6,667; 3) to liquidate contractual commitments of the period of \$62,629; 4) and to reflect the mandated 1% reserve for property tax losses of \$9,077.

The general fund is the chief operating fund of the County. At June 30, 2003, unreserved fund balance of the general fund was \$256,818 while total fund balance reached \$285,574. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents

## Management's Discussion and Analysis (Amounts in thousands)

16% of total fund expenditures, while total fund balance represents 17.8% of the same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project or activity. Fund balances may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$256,818 General Fund unreserved fund balance, 41.4% is designated. The most significant designations are \$32,075 for Medical Center Debt Service, \$31,936 for General Purpose, \$10,183 for Teeter Plan (reserve for property tax losses), and \$7,000 for Future Retirement Rate. Unreserved undesignated fund balance at year-end was \$150,554.

Revenues for governmental functions totaled \$2,064,906 in fiscal year 2002-2003, which represents a decrease of 0.16% from fiscal year 2001-2002.

The following table presents the amount of revenue from various sources as well as increases or decreases from the prior year.

Revenues	2002-03		Over (Under) 2001-02	
	Amount	Percent of Total	Amount	Percent
Taxes	\$ 329,753	16%	\$ 20,914	7%
Licenses, Permits and Penalties	16,670	1%	150	1%
Fines, Forfeitures and Penalties	18,841	1%	2,267	14%
Revenues From Use of Money and Property	37,247	2%	(14,675)	-28%
Aid From Other Governmental Agencies	1,296,324	63%	(27,401)	-2%
Charges for Current Services	307,653	15%	22,831	8%
Other Revenues	58,418	3%	(15,549)	-21%
Total Revenues	<u>\$ 2,064,906</u>	<u>100%</u>	<u>\$ (11,463)</u>	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute for 92.3% of all revenues.

Tax revenues increased by \$20,914 due to increases in Public Safety Tax, Sales Taxes, and Other Taxes in the amounts of \$3,900; \$2,200; and \$5,500 respectively. The remaining increase of \$9,314 is due to the increase in Property Taxes resulting from the rise in assessed valuation and general growth.

Revenues from use of money and property decreased by \$14,675. The key elements of the increase as follows:

- Tax Revenue Anticipation Notes investment revenue decreased by \$6,600 in the current year in comparison to the previous fiscal year.
- Interest revenue due back to the county from other governmental agencies decrease by \$1,565.
- Investment earnings decreased by \$2,300 due to decreased investment earnings resulting from lower interest rates.

Charges for Current Services increased by \$22,831. Approximately \$6,090 or 26.7% of the overall increase is due to the reimbursement for indirect costs included in the 2002-2003 County Wide Cost Allocation Plan. The remaining \$16,741 is due to fee and workload increases throughout the remaining County Departments.

**Management's Discussion and Analysis**  
(Amounts in thousands)

Other Revenue decreased by \$15,549 in the current year. \$11,293 or 72.6% of the decrease is attributable to the one time litigation settlement received in the prior fiscal year.

The following table presents expenditures by function compared to prior year amounts.

<u>Expenditures</u>	<u>2002-03</u>		<u>Over (Under) 2001-02</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Current:				
General Government	\$ 110,847	5%	\$ (7,822)	-7%
Public Protection	560,753	27%	39,320	8%
Public Ways and Facilities	59,272	3%	1,003	2%
Health and Sanitation	301,484	15%	(29,671)	-9%
Public Assistance	814,631	40%	14,593	4%
Education	12,543	1%	(83)	-1%
Recreation and Cultural Services	14,986	1%	670	5%
Debt Service				
Principal	96,480	5%	71,818	291%
Interest and Fiscal Charges	30,313	1%	(5,504)	-15%
Capital Outlay	60,147	3%	173	0%
Total Expenditures	<u>\$ 2,061,456</u>	<u>100%</u>	<u>\$ 84,497</u>	

Total County expenditures increased \$84,497 or 4.3% from 2002 to 2003. The increase in salaries in the governmental funds was driven by increased employment and cost of living adjustments account for \$64,000 of the increase in the functional expenditures.

Public Protection expenditures increased \$39,300. Approximately \$18,800 or 48% of the increase is attributable to the increase in salaries expenditures for the Child Support and Sheriff Departments. Flood Control expenditures also increase by \$10,800 due to various ongoing projects, which included the Eitiwanda/San Sevaine Channel, San Timoteo Channel, and the West Street Storm Drain.

Health and Sanitation expenditures decreased \$29,700. The net decrease is the result of a decrease in the Health Care Budget Unit of \$56,300, an increase in Behavioral Health costs of \$27 million, and an increase in Public Health costs of \$8,000. The decrease in the Health Care Budget Unit is a result of the reclassification of functional expenditures from Health and Sanitation to transfers to other funds.

Debt service principal payments increased by \$71,800, the increase is attributable to the County's prepayment of \$71,700 of outstanding principal in Certificates of Participation.

Debt service interest payments decreased by \$5,500 million, the increase is attributable to the overall reduction in interest rates that affect the interest payments due on Certificates of Participation that have variable interest rates.

**Management's Discussion and Analysis**  
(Amounts in thousands)

Other financing sources and uses are presented below to illustrate changes from the prior year.

Other Financing Sources (Uses)  
Governmental Funds

	FY 2003	FY 2002	Increase/(Decrease)	
			Amount	Percent
Transfers to Other Funds	\$ (182,454)	\$ (117,727)	\$ (64,727)	55%
Transfers from Other Funds	140,615	108,519	32,096	30%
Proceeds from Refunding Bonds	63,791	119,659	(55,868)	100%
Payment to Refunding Bond Escrow Agent	-	(112,171)	112,171	100%
Inception of Capital Lease Obligations	1,485	2,903	(1,418)	-49%
Sale of Capital Assets	2,332	1,834	498	27%
Total Other Financing Sources and (Uses)	<u>\$ 25,769</u>	<u>\$ 3,017</u>	<u>\$ 22,752</u>	

Total Other Financing Sources and (Uses) increased by \$22,752.

The transfers to other funds increased by \$64,727 in 2002-03. The key elements of the increases are as follows:

- The General Fund's Health Care Budget Unit transferred \$28,000 in State Realignment funds to the Medical Center. This transaction represents a reclassification from the Health and Sanitation functional expenditures in the prior year to a transfer to other funds in the current year.
- Increase of \$9,200 in transfers from the General Fund to the Pension Obligation Debt Service Fund.
- Increase of \$4,235 in transfers from the General Fund to the Capital Improvements Fund for various capital projects associated with the Behavioral Health Department.
- \$6,000 in one time transfers from the General Fund to the Transportation Department to finance the design and construction of the Valley Blvd and Pepper Ave. intersection project.
- \$6,365 in one time transfers from the General Fund to Waste Systems Division to finance the costs related to the perchlorate investigation at the Mid-Valley Landfill.

The transfers from other funds increased by \$32,096 in 2002-03. The key elements of the increase are as follows:

- Increase of \$2,600 in transfers from the Master Tobacco Settlement Fund.
- Increase of \$1,380 in transfers from the Temporary Courthouse Fund.
- \$6,000 in one time transfers from the General Fund to the Transportation Department to finance the design and construction of the Valley Blvd and Pepper Ave. intersection project.
- Increase of \$9,200 in transfers from the General Fund to the Pension Obligation Debt Service Fund.

**Management's Discussion and Analysis**  
(Amounts in thousands)

Proceeds from Refunding Bonds and Payments to Refunding Bond Escrow Agent decreased by \$55,868 and \$112,171 respectively. The decreases were a net effect from the advance refunding by the issue of new Certificates of Participation with a total liability of only \$64,180 in the current year and the Certificates of Participation totaling \$63,880 that were prepaid by the proceeds from the new issuance.

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

	Governmental Activities		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues	\$ 1,706,764	\$ 358,142	\$ 2,064,906
Expenditures	(1,604,648)	(456,808)	(2,061,456)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	102,116	(98,666)	3,450
Total Other Financing Sources and (Uses)	(99,110)	124,879	25,769
Net Change In Fund Balance	3,006	26,213	29,219
Fund Balance, July 1, 2001 as Restated	282,568	308,327	590,895
Fund Balance, June 30, 2002	<u>\$ 285,574</u>	<u>\$ 334,540</u>	<u>\$ 620,114</u>

The fund balance of the County's General Fund increased by \$3,006 during the fiscal year. The increase is the resulted from ongoing revenues exceeding ongoing expenditures.

**Management's Discussion and Analysis**  
(Amounts in thousands)

**Proprietary funds.** The County's proprietary funds provide the same type of format found in the governmental-wide financial statements, but in more detail.

At June 30, 2003, the Medical Center had total deficit in net assets of (\$22,584). In addition, the Waste Systems Division had a deficit in net assets of (\$23,374).

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
<b>Revenues</b>				
Net Patient Care and Services	\$ 320,290	\$ -	\$ -	\$ 320,290
Charges for Current Services	-	43,600	17,031	60,631
Other	15,386	672	-	16,058
<b>Total Operating Revenues</b>	<u>335,676</u>	<u>44,272</u>	<u>17,031</u>	<u>396,979</u>
<b>Operating Expenses</b>				
Professional Services	33,884	22,803	1,303	57,990
Salaries and Employee Benefits	124,346	3,346	6,299	133,991
Self insurance claims			1	1
Services and Supplies	198,189	15,240	7,971	221,400
Depreciation and Amortization	24,350	20,181	2,604	47,135
Other	2,755	-	323	3,078
<b>Total Operating Expenses</b>	<u>383,524</u>	<u>61,570</u>	<u>18,501</u>	<u>463,595</u>
<b>Operating Income (Loss)</b>	<u>(47,848)</u>	<u>(17,298)</u>	<u>(1,470)</u>	<u>(66,616)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Revenue	5,956	7,122	854	13,932
Interest Expense	(34,143)	(823)	(251)	(35,217)
Tax Revenue	2,920	-	4,301	7,221
Grant Revenue	29,735	-	235	29,970
Gain (Loss) on Sale of Capital Assets	-	176	(8)	168
Other Nonoperating Revenues	464	1,766	1,051	3,281
Other Nonoperating Expenses	(665)	-	(2,071)	(2,736)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>4,267</u>	<u>8,241</u>	<u>4,111</u>	<u>16,619</u>
<b>Income (Loss) Before Transfers</b>	<u>(43,581)</u>	<u>(9,057)</u>	<u>2,641</u>	<u>(49,997)</u>
Transfers to Other Funds	(4,310)	(5,112)	(2,222)	(11,644)
Transfers from Other Funds	48,104	5,365	189	53,658
<b>Change in Net Assets (Deficit)</b>	<u>213</u>	<u>(8,804)</u>	<u>608</u>	<u>(7,983)</u>
<b>Net Assets (Deficit), July 1, 2002, as Restated</b>	<u>(22,797)</u>	<u>(14,570)</u>	<u>89,602</u>	<u>52,235</u>
<b>Net Assets (Deficit), June 30, 2003</b>	<u>\$ (22,584.0)</u>	<u>\$ (23,374.0)</u>	<u>\$ 90,210.0</u>	<u>\$ 44,252.0</u>

The net decrease in net assets was primarily due to the activities in the Waste Systems Division. The Key factors in the decrease were the decrease in transfers in from the General Fund of approximately \$6,400 and the increase in professional services, insurance, environmental and infrastructure mitigation, closure/post closure, and depreciation and amortization expenses, in the amounts of \$3,100; \$2,000; \$1,700; \$9,000; and \$3,000 respectively.

The nonmajor enterprise fund's net assets increased by \$608 as a result of increased user fees over expenses.

## **Management's Discussion and Analysis** (Amounts in thousands)

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's final budget differs from the original budget by less than 1.5%. Supplemental appropriations of \$ 25,726 were approved during the fiscal year. The significant components of this increase are summarized below.

On July 23, 2002, the Board adopted a budget amendment to increase the budget of the District Attorney's office by \$2,007. This increase was due to a new contract between the Public Attorney's Association and the County.

On July 30, 2002, the Board adopted a budget amendment to increase the budget for the HSS Child Care program by \$6,346. This increase was due to higher than expected State and Federal funding for CalWorks childcare and development services.

On September 10, 2002, the Board adopted a budget amendment to increase the budget for the Probation Department by \$1,943. This increase was due to a new contract between the Safety Employees' Benefit Association (SEBA) and the County.

On October 22, 2002, the Board adopted a budget amendment to increase the budget for the Sheriff's Department by \$1,185. This increase was to fund the Citizen's Option for Public Safety (COPS) program salaries.

On November 5, 2002, the Board adopted a budget amendment to decrease the budget for the Human Services System by \$16,405. This decrease was made to offset reduced State funding.

On December 17, 2002, the Board adopted a budget amendment to increase the budget for the Probation Department by \$1,536. This increase was due to the installation of a Juvenile, Adult and Institutions Case Management System. Also included in this budget amendment, was computer equipment to expand the use of the case management system.

On January 14, 2003, the Board adopted a budget amendment to increase the budget for Behavioral Health by \$6,461. This increase was due to increased services to Medi-Cal eligible children, age 0 – 21 for Early Periodic Screening, Diagnostic and Treatment (EPSDT) services.

On May 6, 2003, the Board adopted a budget amendment to increase the budget for the Transitional Assistance Department (TAD) by \$17,129. This increase reflects two contract amendments that were received by TAD. The first contract amendment was between the County (TAD) and the California Dept of Education that increased the contract amount by \$4,936. The second contract amendment was between the County (TAD) and the California Dept of Social Services that increased the contract amount by \$12,193. These contracts were for childcare and development services for fiscal year 2003.

On June 10, 2003, a budget adjustment of \$1,085 was required to cover the actual cost of Unemployment Insurance (UI) benefits paid in fiscal year 2003.

Also, on June 20, 2003, a budget adjustment of \$1,682 was required to cover an increase in utility costs for fiscal year 2003.

The General Fund budget to actual statement can be found on page 43 of this report.

**Management's Discussion and Analysis**  
(Amounts in thousands)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The County's equity investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounted to \$725,230 (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, structures and improvements, equipment, construction in progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

Major capital asset events during the current fiscal year include the following:

- The Waste Systems Division had approximately \$2,888 in additions to land improvements. The additions to land improvements were the result of the following projects: 1) The Mid Valley Expansion – Unit Phase II Project in the amount of \$1,088; 2) the Mid Valley Perchlorate Wells in the amount of \$1,573.
- The Special Aviation Fund had various projects in construction with a value in Construction In Progress (CIP) of \$21,145. The majority of the CIP was attributed to the Chino Airport Runway Relocation Project.
- The Capital Improvement Fund had the Juvenile Hall Housing Facility Remodel project under construction with a CIP value of \$13,562.
- The Flood Control Fund has various flood control channel facilities under construction with a CIP value of value of \$9,176. The majority of the of the flood control facilities comprised the following: 1) The West State Street Drain in the amount of \$2,191; the West CUC Channel with a CIP value of \$1,219; the Hermosa Storm Drain with a CIP value of \$1,448; the San Bernardino Storm Drain with a CIP value of \$1,057; and the Hickory Basin.
- The County evaluated its non-major governmental funds and reclassified funds that did not meet the definition of special revenues and capital projects funds to enterprise. The result of this review moved/restated approximately \$5,767 in capital assets to the enterprise funds. \$2,332 in land reclassification and \$3,435 in improvements to land.
- The County overall purchased and capitalized equipment in the amount of \$21,403 for fiscal year ending June 30, 2003. Approximately \$11,219 or 52.42% of the total is comprised of vehicle additions.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent
	2003	As Restated 2002	2003	As Restated 2002	2003	As Restated 2002	of Change
Land	\$ 48,501	\$ 48,501	\$ 39,400	\$ 39,400	\$ 87,901	\$ 87,901	0.00%
Construction in progress	75,058	66,389	7,247	2,849	82,305	69,238	18.87%
Improvements other than Buildings	116,040	103,357	186,810	184,801	302,850	288,158	5.10%
Structures and Improvements	441,909	411,345	532,473	532,713	974,382	944,058	3.21%
Equipment	191,738	193,931	97,810	99,842	289,548	293,773	-1.44%
Infrastructure	978,592	958,550	-	-	978,592	958,550	2.09%
<b>Total</b>	<b>\$ 1,851,838</b>	<b>\$ 1,782,073</b>	<b>\$ 863,740</b>	<b>\$ 859,605</b>	<b>\$ 2,715,578</b>	<b>\$ 2,641,678</b>	<b>2.80%</b>

Additional information on the County's capital assets can be found on Note 9 on pages 72-73 of this report.

## Management's Discussion and Analysis (Amounts in thousands)

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

### Long-term debt

Major long-term debt events during the current fiscal year include the following:

- Issued new Certificates of Participation with net liability of \$157,566.
- Certificates of Participation totaling \$63,880 and Revenue Bonds totaling \$92,120 were prepaid by the proceeds from the new debt issues
- Amortization of deferred amount of refunding and discounts totaled \$19,740.
- A total of \$118,443 in principal payments was made on debt. The total includes \$46,778 in annual principal payments due plus \$71,665 in prepayment of outstanding principal in Certificates of Participation.
- The beginning balance of the estimated liability for closure/postclosure care costs was reduced/restated by \$30,407. Please refer to notes of the basic financial statements (note 4) for further detail.

Long-term debt for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent
	2003	2002	2003	As Restated 2002	2003	As Restated 2002	of Change
Certificates of Participation	\$ 232,640	\$ 249,756	\$ 694,739	\$ 622,057	\$ 927,379	\$ 871,813	6.37%
General Obligation Bonds	-	-	2,657	2,979	2,657	2,979	-10.81%
Revenue Bonds	434,889	430,898	-	94,832	434,889	525,730	-17.28%
Other Bonds and Notes Payable	21,184	21,499	2,729	1,556	23,913	23,055	3.72%
Compensated Absences	81,011	75,974	6,038	5,789	87,049	81,763	6.47%
Capital Lease Obligations	6,994	8,682	289	669	7,283	9,351	-22.12%
Estimated Liability for Litigation and Self-Insured Claims	93,802	95,288	-	-	93,802	95,288	-1.56%
Estimated Liability for Closure/Postclosure Care Cost	-	-	141,859	138,509	141,859	138,509	2.42%
Other Long-Term Debt	17,930	18,177	-	-	17,930	18,177	-1.36%
<b>Total</b>	<b>\$ 888,450</b>	<b>\$ 900,274</b>	<b>\$ 848,311</b>	<b>\$ 866,391</b>	<b>\$ 1,736,761</b>	<b>\$ 1,766,665</b>	<b>-1.69%</b>

Additional information on the County's long-term debt can be found in Note 11 on pages 75-81 of this report.

## **Management's Discussion and Analysis** (Amounts in thousands)

### **ECONOMIC FACTORS AND FY03 BUDGETING**

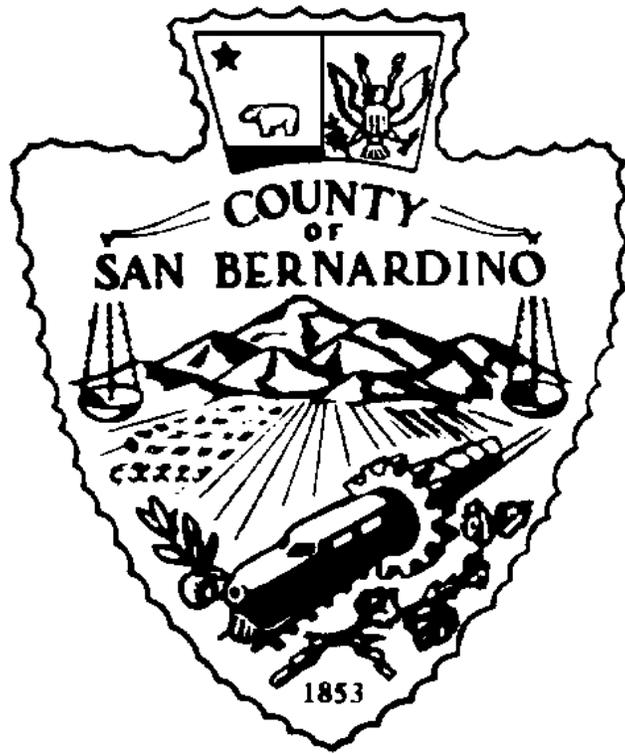
1. On November 17, 2003, the Governor issued an executive order which:
  - Rescinded the letter issued by the Director of Finance on June 20, 2003 to reinstate the full vehicle license fee and eliminate the offset from the State General Fund.
  - Ordered the Department of Motor Vehicles to reinstate the General Fund offset to the vehicle license fee as soon as administratively feasible.
  - Ordered the Department of Motor Vehicles to refund to taxpayers all overpayments of vehicle license fees paid since June 20, 2003, in excess of amounts due taking into account the offset.

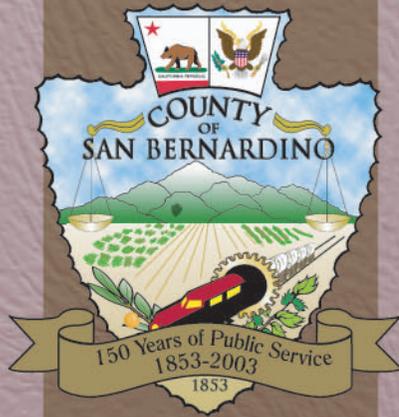
On this same day, the Governor issued a proclamation convening an extraordinary session of the legislature on November 18, 2003 to consider several items, including legislation relative to funding the offset of the motor vehicle license fee from the State's General Fund. As of this date, this issue has not been resolved. The County currently estimates that it could lose a total of \$94.0 million in discretionary vehicle license fee revenues and \$27.0 million in realignment vehicle license fee revenues in 2003-04 if the VLF backfill is eliminated for the entire fiscal year.

2. Property tax revenues have increased due to rise in assessed valuation and general growth.
3. Sales of new and existing homes in the County continue increase due to the increased demand for affordable housing in the region. This demand is directly related to the job growth of the area and the continued migration of families from higher priced coastal counties of California.
4. The County's overall economy continues to grow with a 2.7% increase in employment totaling 18,600 new jobs.

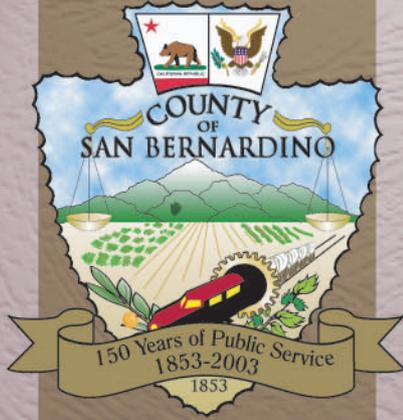
### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate reports of the County's component units or need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.





# BASIC FINANCIAL STATEMENTS



# GOVERNMENT-WIDE FINANCIAL STATEMENTS



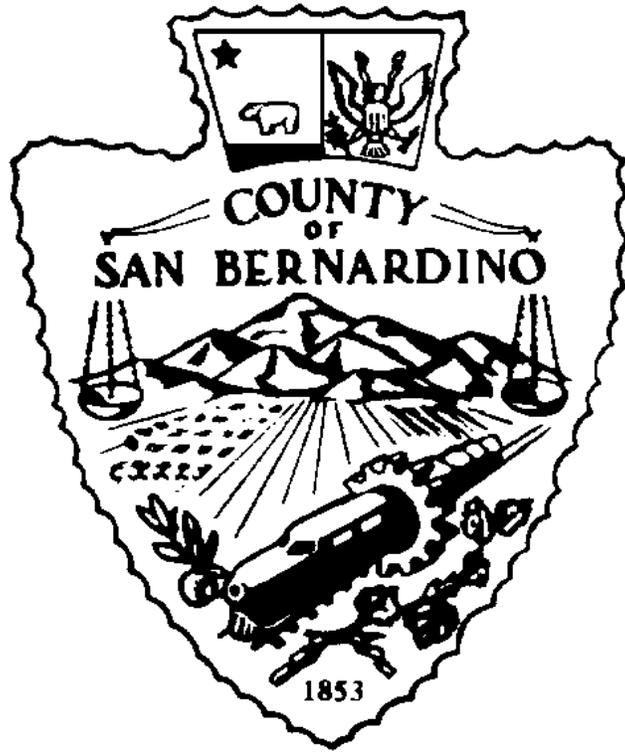
**COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
JUNE 30, 2003 (IN THOUSANDS)**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 604,497	\$ 51,558	\$ 656,055
INVESTMENTS	9,675	-	9,675
ACCOUNTS RECEIVABLE - NET (NOTE 2)	8,216	44,401	52,617
TAXES RECEIVABLE	17,131	930	18,061
INTEREST RECEIVABLE	848	21,655	22,503
LOAN RECEIVABLE	1,326	-	1,326
OTHER RECEIVABLES	1,387	-	1,387
DUE FROM OTHER GOVERNMENTS	155,679	31,911	187,590
INTERNAL BALANCES	22,003	(22,003)	-
INVENTORIES	3,524	1,371	4,895
PREPAID ITEMS	3,115	13,137	16,252
DEFERRED CHARGES	48	2,073	2,121
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	177,220	151,798	329,018
OTHER ASSETS	39	10,347	10,386
LAND (NOTE 9)	48,501	39,400	87,901
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,536,540	719,283	2,255,823
EQUIPMENT (NOTE 9)	191,738	97,810	289,548
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(731,374)	(237,665)	(969,039)
CONSTRUCTION IN PROGRESS (NOTE 9)	75,058	7,247	82,305
<b>TOTAL ASSETS</b>	<b>2,125,171</b>	<b>933,253</b>	<b>3,058,424</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	50,210	19,418	69,628
SALARIES AND BENEFITS PAYABLE	36,404	6,102	42,506
DUE TO OTHER GOVERNMENTS	32,024	965	32,989
INTEREST PAYABLE	4,975	14,191	19,166
DEFERRED REVENUE	4,452	14	4,466
TRANS NOTE PAYABLE	170,000	-	170,000
NONCURRENT LIABILITIES (NOTE 11):			
PORTION DUE OR PAYABLE IN ONE YEAR:			
COMPENSATED ABSENCES PAYABLE (NOTE 11)	54,000	5,854	59,854
COP BONDS AND NOTES PAYABLE (NOTE 11)	20,879	27,069	47,948
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 14)	2,483	289	2,772
OTHER LONG TERM LIABILITIES (NOTE 11)	165	-	165
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 17)	-	11,501	11,501
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	32,047	-	32,047
PORTION DUE OR PAYABLE AFTER ONE YEAR:			
COMPENSATED ABSENCES PAYABLE (NOTE 11)	27,011	183	27,194
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	667,834	673,057	1,340,891
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 14)	4,511	-	4,511
OTHER LONG TERM LIABILITIES (NOTE 11)	17,765	-	17,765
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 17)	-	130,358	130,358
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	61,755	-	61,755
	<b>1,186,515</b>	<b>889,001</b>	<b>2,075,516</b>
<b>NET ASSETS:</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	789,223	(63,993)	725,230
RESTRICTED (NOTE 5)	410,106	47,357	457,463
UNRESTRICTED	(260,673)	60,888	(199,785)
<b>TOTAL NET ASSETS</b>	<b>\$ 938,656</b>	<b>\$ 44,252</b>	<b>\$ 982,908</b>

The notes to the basic financial statements are an integral part of this statement.

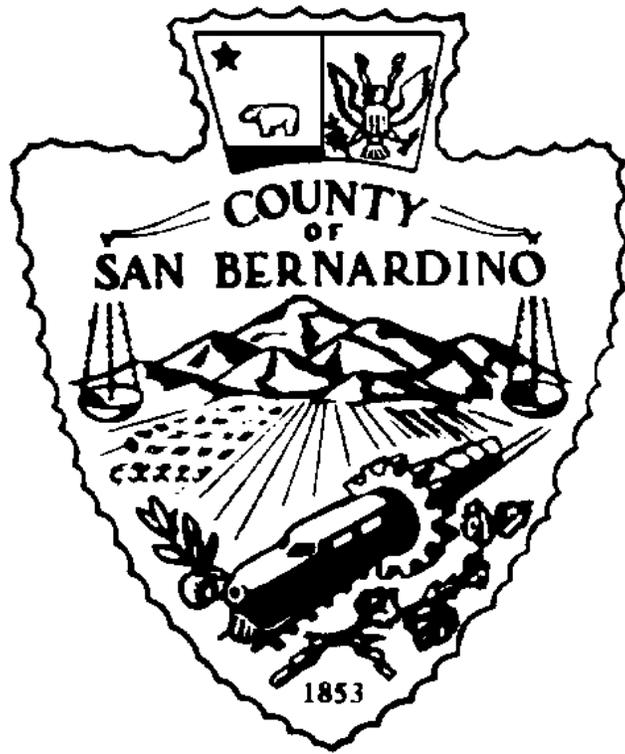
COUNTY OF SAN BERNARDINO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	PROGRAM REVENUES				NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>FUNCTIONS/PROGRAMS</b>							
<b>PRIMARY GOVERNMENT:</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
GENERAL GOVERNMENT	\$ 113,270	\$ 84,719	\$ 5,588	\$ -	\$ (22,963)	\$ -	\$ (22,963)
PUBLIC PROTECTION	586,715	132,329	121,453	14,780	(318,153)	-	(318,153)
PUBLIC WAYS AND FACILITIES	53,849	3,154	41,400	-	(9,296)	-	(9,296)
HEALTH AND SANITATION	303,216	110,458	204,083	-	11,325	-	11,325
PUBLIC ASSISTANCE	818,786	2,915	785,015	-	(30,856)	-	(30,856)
EDUCATION	12,782	889	1,711	-	(10,182)	-	(10,182)
RECREATION AND CULTURAL SERVICES	17,456	8,700	501	-	(8,255)	-	(8,255)
INTEREST ON LONG TERM DEBT	45,109	-	-	-	(45,109)	-	(45,109)
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,951,183</u>	<u>343,164</u>	<u>1,159,751</u>	<u>14,780</u>	<u>(433,489)</u>	<u>-</u>	<u>(433,489)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
MEDICAL CENTER	418,332	320,290	15,386	29,735	-	(52,921)	(52,921)
WASTE SYSTEMS	62,393	44,272	-	-	-	(18,121)	(18,121)
OTHER	20,823	17,031	235	-	-	(3,557)	(3,557)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>501,548</u>	<u>381,593</u>	<u>15,621</u>	<u>29,735</u>	<u>-</u>	<u>(74,599)</u>	<u>(74,599)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,452,731</u>	<u>\$ 724,757</u>	<u>\$ 1,175,372</u>	<u>\$ 44,515</u>	<u>(433,489)</u>	<u>(74,599)</u>	<u>(508,088)</u>
<b>GENERAL REVENUES:</b>							
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					185,768	7,221	192,989
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					4,224	-	4,224
PUBLIC SAFETY TAX					94,206	-	94,206
SALES TAXES					21,766	-	21,766
OTHER TAXES					20,167	-	20,167
MOTOR VEHICLE IN-LIEU TAXES					117,661	-	117,661
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					37,247	14,107	51,354
MISCELLANEOUS					58,393	3,281	61,674
GAINS ON SALE OF CAPITAL ASSETS					2,332	168	2,500
<b>TRANSFERS</b>					<u>(41,839)</u>	<u>41,839</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>499,925</u>	<u>66,616</u>	<u>566,541</u>
CHANGE IN NET ASSETS					66,437	(7,983)	58,454
NET ASSETS - BEGINNING , AS RESTATED (NOTE 3)					<u>872,219</u>	<u>52,235</u>	<u>924,454</u>
NET ASSETS - ENDING					<u>\$ 938,656</u>	<u>\$ 44,252</u>	<u>\$ 982,908</u>





# FUND FINANCIAL STATEMENTS



COUNTY OF SAN BERNARDINO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 213,321	\$ 314,249	\$ 527,570
INVESTMENTS (NOTE 6)	-	9,675	9,675
ACCOUNTS RECEIVABLES - NET (NOTE 2)	4,403	2,097	6,500
TAXES RECEIVABLE	20,821	12,094	32,915
INTEREST RECEIVABLE	522	153	675
LOANS RECEIVABLE	1,326	-	1,326
OTHER RECEIVABLES	1,300	87	1,387
DUE FROM OTHER FUNDS (NOTE 7)	36,212	16,343	52,555
DUE FROM OTHER GOVERNMENTS (NOTE 2)	120,114	23,169	143,283
INVENTORIES	1,166	933	2,099
PREPAID ITEMS	302	1,019	1,321
INTERFUND RECEIVABLE (NOTE 7)	25	150	175
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	175,154	2,066	177,220
OTHER ASSETS	-	39	39
TOTAL ASSETS	<u>\$ 574,666</u>	<u>\$ 382,074</u>	<u>\$ 956,740</u>
<b>LIABILITIES AND FUND BALANCES</b>			
ACCOUNTS PAYABLE	\$ 25,363	\$ 22,371	\$ 47,734
SALARIES AND BENEFITS PAYABLE	30,363	4,685	35,048
DUE TO OTHER FUNDS (NOTE 7)	8,335	8,851	17,186
DUE TO OTHER GOVERNMENTS	30,014	2,010	32,024
INTEREST PAYABLE	4,975	-	4,975
DEFERRED REVENUE (NOTE 2)	20,042	9,217	29,259
INTERFUND PAYABLE (NOTE 7)	-	400	400
BONDS AND NOTES PAYABLE (NOTE 11)	170,000	-	170,000
TOTAL LIABILITIES	<u>289,092</u>	<u>47,534</u>	<u>336,626</u>
FUND BALANCES (NOTE 5):			
RESERVED FOR:			
ENCUMBRANCES	15,542	47,087	62,629
PREPAID ITEMS	1,489	1,000	2,489
NONCURRENT INTERFUND RECEIVABLES	25	453	478
INVENTORIES	1,166	933	2,099
LOANS RECEIVABLE	1,457	144	1,601
DEBT SERVICE	-	48,947	48,947
TEETER	9,077	-	9,077
UNRESERVED, REPORTED IN:			
DESIGNATED	106,264		106,264
UNDESIGNATED			
GENERAL FUND	150,554	-	150,554
SPECIAL REVENUE FUNDS	-	200,564	200,564
CAPITAL PROJECTS FUNDS	-	34,898	34,898
PERMANENT FUNDS	-	514	514
TOTAL FUND BALANCES	<u>285,574</u>	<u>334,540</u>	<u>620,114</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 574,666</u>	<u>\$ 382,074</u>	

Amounts reported for governmental activities in the statement of net assets are different because (NOTE 4):

Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. 1,100,690

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 9,383

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. (1,180)

Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds. (790,351)

Net assets of governmental activities (page 37) \$ 938,656

**COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)**

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
TAXES	\$ 250,842	\$ 78,911	\$ 329,753
LICENSES, PERMITS AND FRANCHISES	16,396	274	16,670
FINES, FORFEITURES AND PENALTIES	8,580	10,261	18,841
REVENUES FROM USE OF MONEY AND PROPERTY	25,495	11,752	37,247
AID FROM OTHER GOVERNMENTAL AGENCIES	1,109,763	186,561	1,296,324
CHARGES FOR CURRENT SERVICES	283,111	24,542	307,653
OTHER REVENUES	12,577	45,841	58,418
<b>TOTAL REVENUES</b>	<u>1,706,764</u>	<u>358,142</u>	<u>2,064,906</u>
<b>EXPENDITURES:</b>			
<b>CURRENT:</b>			
GENERAL GOVERNMENT	105,860	4,987	110,847
PUBLIC PROTECTION	454,769	105,984	560,753
PUBLIC WAYS AND FACILITIES	2,267	57,005	59,272
HEALTH AND SANITATION	296,301	5,183	301,484
PUBLIC ASSISTANCE	721,680	92,951	814,631
EDUCATION	1,550	10,993	12,543
RECREATION AND CULTURAL SERVICES	10,229	4,757	14,986
<b>DEBT SERVICE</b>			
PRINCIPAL	1,611	94,869	96,480
INTEREST AND FISCAL CHARGES	3,114	27,199	30,313
CAPITAL OUTLAY	7,267	52,880	60,147
<b>TOTAL EXPENDITURE</b>	<u>1,604,648</u>	<u>456,808</u>	<u>2,061,456</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>102,116</u>	<u>(98,666)</u>	<u>3,450</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFERS TO OTHER FUNDS (NOTE 7)	(137,371)	(45,083)	(182,454)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	38,003	102,612	140,615
PROCEEDS FROM REFUNDING BONDS	-	63,791	63,791
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	117	1,368	1,485
SALE OF CAPITAL ASSETS	141	2,191	2,332
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>(99,110)</u>	<u>124,879</u>	<u>25,769</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,006	26,213	29,219
<b>FUND BALANCE, JULY 1, 2002 - AS RESTATED (NOTE 3)</b>	282,568	308,327	590,895
<b>FUND BALANCE, JUNE 30, 2003</b>	<u>\$ 285,574</u>	<u>\$ 334,540</u>	<u>\$ 620,114</u>
<b>NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL</b>			\$ 29,219
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			31,871
Internal service funds are used by management to charge the costs of general service group, telephone services, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service funds is reported within governmental activities.			1,856
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			(6,401)
Expenses in the statement of activities that do not require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds.			(14,796)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			24,688
Changes in net assets of governmental activities (page 38)			<u>\$ 66,437</u>

COUNTY OF SAN BERNARDINO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL ON A BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TAXES	\$ 241,013	\$ 241,052	\$ 250,842	\$ 9,790
LICENSES, PERMITS AND FRANCHISES	17,063	17,063	16,396	(667)
FINES, FORFEITURES AND PENALTIES	12,802	12,802	8,580	(4,222)
REVENUES FROM USE OF MONEY AND PROPERTY	26,847	26,847	25,495	(1,352)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,074,034	1,096,637	1,109,763	13,126
CHARGES FOR CURRENT SERVICES	291,476	295,215	283,111	(12,104)
OTHER REVENUES	15,971	17,027	12,577	(4,450)
<b>TOTAL REVENUES</b>	<b>1,679,206</b>	<b>1,706,643</b>	<b>1,706,764</b>	<b>121</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	165,861	157,254	105,739	51,515
PUBLIC PROTECTION	461,261	474,093	452,787	21,306
PUBLIC WAYS AND FACILITIES	2,416	2,416	2,257	159
HEALTH AND SANITATION	321,281	331,409	296,600	34,809
PUBLIC ASSISTANCE	749,176	760,802	721,734	39,068
EDUCATION	1,469	1,469	1,469	-
RECREATION AND CULTURAL SERVICES	10,759	10,763	10,178	585
DEBT SERVICE	-	-	-	-
PRINCIPAL	2,231	2,230	1,611	619
INTEREST AND FISCAL CHARGES	5,154	5,151	3,144	2,007
CAPITAL OUTLAY	10,308	10,055	5,902	4,153
<b>TOTAL EXPENDITURE</b>	<b>1,729,916</b>	<b>1,755,642</b>	<b>1,601,421</b>	<b>154,221</b>
EXCESS OF REVENUES OVER EXPENDITURES	(50,710)	(48,999)	105,343	154,342
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(133,077)	(148,771)	(137,398)	11,373
TRANSFERS FROM OTHER FUNDS (NOTE 7)	35,596	36,792	38,003	1,211
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	117	117	117	-
SALE OF CAPITAL ASSETS	730	730	141	(589)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(96,634)</b>	<b>(111,132)</b>	<b>(99,137)</b>	<b>11,995</b>
NET CHANGE IN FUND BALANCE	(147,344)	(160,131)	6,206	166,337
FUND BALANCE, JULY 1, 2002 - AS RESTATED (NOTE 3)	263,826	263,826	263,826	-
FUND BALANCE, JUNE 30, 2003	\$ 116,482	\$ 103,695	\$ 270,032	\$ 166,337

COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE	OTHER		
		SYSTEMS DIVISION	ENTERPRISE FUNDS		
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 5,059	\$ 14,329	\$ 32,170	\$ 51,558	\$ 76,927
ACCOUNTS RECEIVABLE - NET (NOTE 2)	35,819	6,262	2,320	44,401	1,716
TAXES RECEIVABLE	-	930	-	930	-
INTEREST RECEIVABLE	767	20,888	-	21,655	173
OTHER RECEIVABLES	-	-	-	-	-
DUE FROM OTHER FUNDS (NOTE 7)	750	137	312	1,199	582
DUE FROM OTHER GOVERNMENTS	28,511	5,257	446	34,214	458
INVENTORIES	1,235	-	136	1,371	1,425
PREPAID ITEMS	481	12,656	-	13,137	1,794
TOTAL CURRENT ASSETS	<u>72,622</u>	<u>60,459</u>	<u>35,384</u>	<u>168,465</u>	<u>83,075</u>
<b>NONCURRENT ASSETS:</b>					
DEFERRED CHARGES	-	2,073	-	2,073	48
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	60,827	90,971	-	151,798	-
INTERFUND RECEIVABLE (NOTE 7)	-	-	-	-	-
OTHER ASSETS	10,347	-	-	10,347	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	512,850	142,280	103,553	758,683	7,049
EQUIPMENT	92,283	2,009	3,518	97,810	52,243
ACCUMULATED DEPRECIATION AND AMORTIZATION	(110,168)	(78,563)	(48,934)	(237,665)	(39,519)
CONSTRUCTION IN PROGRESS	-	3,665	3,582	7,247	-
TOTAL NONCURRENT ASSETS	<u>566,139</u>	<u>162,435</u>	<u>61,719</u>	<u>790,293</u>	<u>19,821</u>
<b>TOTAL ASSETS</b>	<u><u>638,761</u></u>	<u><u>222,894</u></u>	<u><u>97,103</u></u>	<u><u>958,758</u></u>	<u><u>102,896</u></u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	12,497	5,742	1,179	19,418	2,476
SALARIES AND BENEFITS PAYABLE	5,861	178	63	6,102	1,356
DUE TO OTHER FUNDS (NOTE 7)	19,318	6,107	80	25,505	1,760
DUE TO OTHER GOVERNMENTS	-	965	-	965	-
INTEREST PAYABLE	14,108	9	74	14,191	-
DEFERRED REVENUE	-	-	14	14	360
COMPENSATED ABSENCES PAYABLE (NOTE 11)	5,647	207	-	5,854	-
BONDS AND NOTES PAYABLE (NOTE 11)	21,890	4,650	529	27,069	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	289	-	-	289	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	11,501	-	11,501	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	32,047
TOTAL CURRENT LIABILITIES	<u>79,610</u>	<u>29,359</u>	<u>1,939</u>	<u>110,908</u>	<u>37,999</u>
<b>NONCURRENT LIABILITIES</b>					
INTERFUND PAYABLE (NOTE 7)	-	-	-	-	25
COMPENSATED ABSENCES PAYABLE	-	87	96	183	2,553
BONDS AND NOTES PAYABLE	581,735	86,464	4,858	673,057	-
CAPITAL LEASE OBLIGATIONS	-	-	-	-	1,744
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	130,358	-	130,358	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	61,755
TOTAL NONCURRENT LIABILITIES	<u>581,735</u>	<u>216,909</u>	<u>4,954</u>	<u>803,598</u>	<u>66,077</u>
<b>TOTAL LIABILITIES</b>	<u><u>661,345</u></u>	<u><u>246,268</u></u>	<u><u>6,893</u></u>	<u><u>914,506</u></u>	<u><u>104,076</u></u>
<b>NET ASSETS:</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(98,602)	(21,723)	56,332	(63,993)	18,029
RESTRICTED FOR:					
OTHER RESTRICTIONS	47,357	-	-	47,357	-
UNRESTRICTED	28,661	(1,651)	33,878	60,888	(19,209)
TOTAL NET ASSETS	<u><u>\$ (22,584)</u></u>	<u><u>\$ (23,374)</u></u>	<u><u>\$ 90,210</u></u>	<u><u>\$ 44,252</u></u>	<u><u>\$ (1,180)</u></u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED, JUNE 30, 2003 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 320,290	\$ -	\$ -	\$ 320,290	\$ -
OTHER	-	43,600	17,031	60,631	125,714
	15,386	672	-	16,058	-
TOTAL OPERATING REVENUES	335,676	44,272	17,031	396,979	125,714
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	33,884	22,803	1,303	57,990	5,111
SALARIES AND EMPLOYEE BENEFITS	124,346	3,346	6,299	133,991	25,349
SELF-INSURANCE CLAIMS	-	-	1	1	31,651
SERVICES AND SUPPLIES	198,189	15,240	7,971	221,400	58,471
DEPRECIATION AND AMORTIZATION	24,350	20,181	2,604	47,135	5,332
OTHER	2,755	-	323	3,078	98
TOTAL OPERATING EXPENSES	383,524	61,570	18,501	463,595	126,012
OPERATING INCOME (LOSS)	(47,848)	(17,298)	(1,470)	(66,616)	(298)
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	5,956	7,122	854	13,932	2,663
INTEREST EXPENSE	(34,143)	(823)	(251)	(35,217)	(94)
TAX REVENUE	2,920	-	4,301	7,221	-
GRANT REVENUE	29,735	-	235	29,970	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	176	(8)	168	185
OTHER NONOPERATING REVENUES	464	1,766	1,051	3,281	250
OTHER NONOPERATING EXPENSES	(665)	-	(2,071)	(2,736)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,267	8,241	4,111	16,619	3,004
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	(43,581)	(9,057)	2,641	(49,997)	2,706
TRANSFERS TO OTHER FUNDS (NOTE 7)	(4,310)	(5,112)	(2,222)	(11,644)	(3,267)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	48,104	5,365	189	53,658	3,092
CHANGE IN NET ASSETS (DEFICIT)	213	(8,804)	608	(7,983)	2,531
TOTAL NET ASSETS, JULY 1, 2002, AS RESTATED (NOTE 3)	(22,797)	(14,570)	89,602	52,235	(3,711)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003	<u>\$ (22,584)</u>	<u>\$ (23,374)</u>	<u>\$ 90,210</u>	<u>\$ 44,252</u>	<u>\$ (1,180)</u>

The notes to the basic financial statements are an integral part of this statement.



COUNTY OF SAN BERNARDINO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003 (IN THOUSANDS)

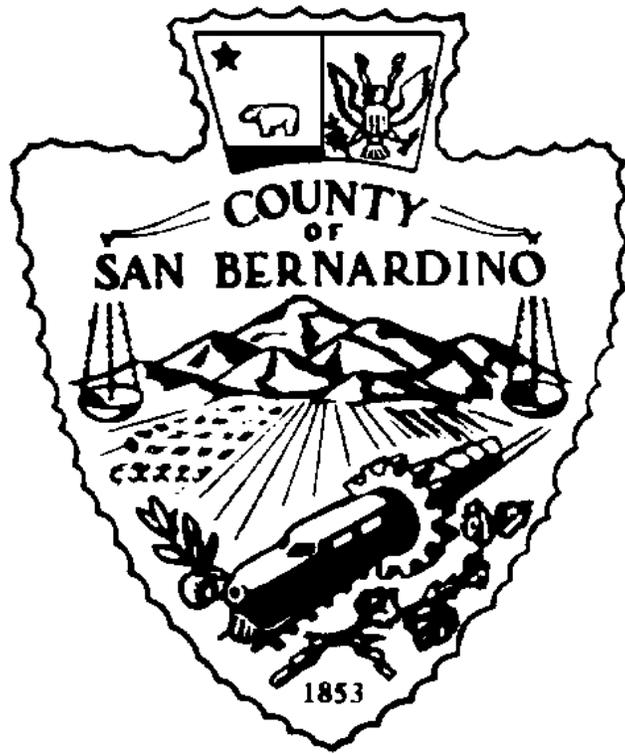
<u>ASSETS</u>	<u>TOTAL</u>	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,920,472	\$ 1,643,886	276,586
INVESTMENTS (NOTE 6)	7,936	-	7,936
ACCOUNTS RECEIVABLE - NET	188	188	-
TAXES RECEIVABLE	141,951	50	141,901
INTEREST RECEIVABLE	212	-	212
LOANS RECEIVABLE	45	45	-
DUE FROM OTHER FUNDS (NOTE 7)	10,279	8,866	1,413
DUE FROM OTHER GOVERNMENTS	660	480	180
INTERFUND PAYABLE	250	-	250
<b>TOTAL ASSETS</b>	<b><u>\$ 2,081,993</u></b>	<b><u>\$ 1,653,515</u></b>	<b><u>\$ 428,478</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
LIABILITIES:			
DUE TO OTHER FUNDS (NOTE 7)	\$ 20,164	\$ 2,375	17,789
DUE TO OTHER GOVERNMENTS	410,689	-	410,689
<b>TOTAL LIABILITIES</b>	<b><u>\$ 430,853</u></b>	<b><u>\$ 2,375</u></b>	<b><u>\$ 428,478</u></b>
<b><u>NET ASSETS</u></b>			
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<b><u>\$ 1,651,140</u></b>	<b><u>\$ 1,651,140</u></b>	

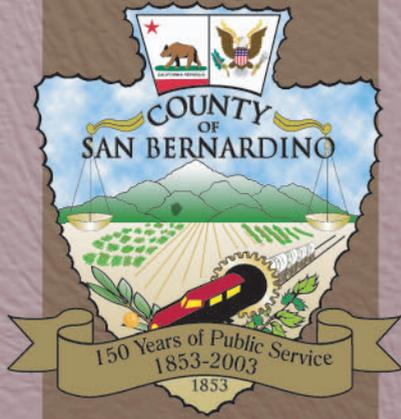
The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
 INVESTMENT TRUST FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 7,413,491
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	(1,601)
INTEREST INCOME ON CASH AND SECURITIES	<u>42,011</u>
TOTAL ADDITIONS	7,453,901
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>7,140,849</u>
TOTAL DEDUCTIONS	<u>7,140,849</u>
NET INCREASE IN NET ASSETS	313,052
NET ASSETS HELD IN TRUST, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>1,338,088</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2003	<u><u>\$ 1,651,140</u></u>

The notes to the basic financial statements are an integral part of this statement.





# NOTES TO THE BASIC FINANCIAL STATEMENTS

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
**(Amounts in the thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

The County of San Bernardino (the "County"), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (the "Board") which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles, these basic financial statements present the primary government and its component units, which are, in substance, although legally separate entities, part of the County's operations and so data from these units are blended with the data of the primary government. Each blended component unit has a June 30 year-end. The County has no discretely presented component units.

The County's Comprehensive Annual Financial Report does not include the financial statements of the San Bernardino County Employee's Retirement Association (SBCERA). The Retirement Board controls the Retirement Association acting as fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes a separate Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and was determined not to be a component unit according to the criteria set forth in Governmental Accounting Standards Board, the Financial Reporting Entity (GASB 14).

Additional detailed financial information for each of these entities can be obtained from the Auditor/Controller's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

**(b) Blended Component Units**

Using the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, management determined that the following component units should be blended:

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- Crestline Sanitation District
- County Service Areas
- Various joint powers authorities ("JPAs")
- The Inland Empire Facilities Corporation, created for the benefit of the County
- Inland Empire Solid Waste Authority
- San Bernardino County Financing Authority
- Crestline Financing Authority
- Redevelopment Agency of the County of San Bernardino

The County is financially accountable for each of the above component units through the County's elected officials and descriptions of these component units are contained in

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subsequent sections of this Comprehensive Annual Financial Report. Financial accountability is demonstrated by the Board of Supervisors acting as the governing board for the component unit. Because of their relationship with the County and the nature of their operations, each of the component units is, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 34 (GASB 34), the basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

*Government – Wide Financial Statements*

The Statement of Net Assets and Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient for goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

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The County reports only one major governmental fund:

- *The General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services.

The County reports the following major enterprise funds.

- *The County Medical Center Fund* accounts for inpatient and outpatient care including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services.
- *The Waste Systems Division Fund* accounts for refuse disposal services provided to the public by twenty landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.

The County reports the following additional fund types in their fund financial statements:

- *Internal Service Funds* Account for printing services, records management, central mail, telephone services, computer operations, vehicle services, risk management, and flood control equipment operations that provide services to other departments or agencies of the County on a cost reimbursement basis
- *The Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor/Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, nor to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.
- *The Agency Funds* account for assets held by the County as an agent for various local governments.

**(b) Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

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Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue. The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

**(c) Capital Assets And Long-Term Debt**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

**(d) Due From Other Governments**

At June 30, 2003, the General Fund accrued \$120,114 of receivables from other governments, of which \$99,968 was due from the State of California. Of the amount owed by the State, \$21,253 was for Health Care Services, \$39,848 was for Public Social Services, \$30,543 was for motor vehicle license fees and sales tax monies, and the remaining \$8,324 was for other services. Amounts owed from cities for booking fees and other services were \$6,732. The

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remaining amount of \$13,414 was due from the federal government and other governmental agencies.

**(e) Taxes and Accounts Receivable**

The \$17,131 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2003 is net of an allowance of doubtful accounts of \$1,274. The \$35,819 accounts receivable balance of the Medical Center Enterprise Fund at June 30, 2003 is net of an allowance for doubtful accounts of \$214,564.

The \$217 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2003 is net of an allowance for doubtful accounts of \$1,476. The \$261 accounts receivable balance of the Crestline Sanitation District Fund at June 30, 2003 is net of an allowance for doubtful accounts of \$148. These funds are reflected as part of the enterprise funds on the statement of net assets.

**(f) Deferred Revenue**

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2003, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental Activities</b>			
General Fund			
Developer Deposits	\$ -	\$ 3,037	\$ 3,037
Property Tax Receivable	12,801		12,801
Due from governmental agencies	-	4,204	4,204
Nonmajor funds			
Property Tax Receivable	8,619	-	8,619
Due from governmental agencies	-	598	598
	<u>          </u>	<u>          </u>	<u>          </u>
Total Governmental Activities	<u>\$ 21,420</u>	<u>\$ 7,839</u>	<u>\$ 29,259</u>

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the County considers all pooled investments and other highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

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**(h) Investments**

The County's investments are governed by the California Government Code and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the Government Code Sections 53601, 53635 and 53638 which limit the investments to certain maximum percentages by investment type in the pool.

The County's investments and securities are reported at fair value based upon quoted market prices. Securities having no sales are valued based upon last reported bid prices. The County intends to either hold investments until maturity or until market values equal or exceed cost. The value of the various investments will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions.

**(i) Inventories and Prepaid Items**

Inventories, which consist principally of materials and supplies held for consumption, are valued at cost (first-in, first-out basis) for governmental fund types and at an amount which approximates the lower of average cost or market for proprietary fund types. Inventories of the governmental activities are accounted for as expenditures when the inventory items are consumed. In the fund financial statements, reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements.

**(j) Property Taxes**

The County levies, collects and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2002-03 gross assessed valuation of the County of San Bernardino was \$ 75,443,000 (after deducting \$ 19,957,000 for the redevelopment tax allocation increment).

Article XIII A of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to \$1.00 per \$100.00 of assessed value. Taxes levied to service voter-approved debt prior to June 30, 1978 are excluded from this limitation.

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties on August 31.

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The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end. In the government – wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected.

**(k) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000.00 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, equipment, and infrastructure of the primary government is depreciated using the straight line method over the following estimated useful lives:

Infrastructure	10 to 100 years
Structure and improvements	45 years
Equipment	5 to 15 years

The County has six networks of infrastructure assets – roads, runways/taxiways, water/sewer, lighting, drainage, and flood control.

**(l) Employee Compensated Absences**

Liabilities for vacation, holiday benefits, sick pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with ten or more years of continuous services are paid 30% to 50% of their accumulated sick leave. Up to two times the annual vacation accrual rate may be carried over from one year to the next. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

**(m) Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion interfund loans) or “Interfund receivables/payables”(i.e., the noncurrent portion of

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interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Interfund receivables, as reported in the fund financial statements, are offset by the fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**(n) Use of Estimates**

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – RESTATEMENT OF FUND EQUITY/NET ASSETS**

**Closure and Postclosure Care Costs**

GASB Statement No. 18 provides for changes in estimated closure and postclosure costs due to inflation or deflation, changes in technology, changes in closure/ postclosure care requirements, corrections of error in estimation, and changes in the extent of environmental remediation required. Changes in closure and postclosure cost estimates should be reported in the period in which the change is probable and reasonably estimable.

Preliminary closure and postclosure plans and estimated costs are prepared for the landfill permitting process. The permit plans and estimated costs are reviewed every five years for the renewal process. Two years prior to the landfill becoming inactive, a final closure/postclosure maintenance plan must be submitted to the State.

Based on the review of the renewal and final plan submissions, the estimated postclosure cost liability should have been reduced by \$30,407 in prior fiscal years. Ending net asset balance for fiscal year ended June 30, 2002 is being restated by this prior period adjustment.

**Fund Reclassification**

The County evaluated its non-major governmental funds and reclassified funds that did not meet the definition of special revenues and capital projects funds to enterprise funds. The fund reclassification also required the capital assets acquired by these funds to be moved from governmental activities to non-major business type activity funds.

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**Revenue Recognition**

The beginning fund balances of the funds described below have been increased due to the County's analysis of various deferred revenues. As such, the County and its component units determined items that met the availability criteria and are thus more appropriately revenues of the previous period.

**Other**

Other restatements have been made to beginning fund balance/net assets for the correction of capital assets improperly capitalized in prior years and expense recognition pertaining to previous years.

**Restatements to the Fund-Type Financial Statements:**

	General Fund	Nonmajor Governmental Funds	Waste Systems Division	Nonmajor Enterprise Funds	Internal Service Funds	Investment Trust Fund
Beginning Fund Balance/Net Assets (deficit), as previously reported	\$ 279,485	\$ 309,773	\$ (44,977)	\$ 79,446	\$ (3,036)	\$ 1,338,662
Closure and Postclosure Care Cost	-	-	30,407	-	-	-
Fund Reclassification		(4,582)		10,156		
Revenue Recognition	5,088	3,014				
Other	(2,005)	122	-	-	(675)	(574)
Beginning fund balance/Net Assets as restated	<u>\$ 282,568</u>	<u>\$ 308,327</u>	<u>\$ (14,570)</u>	<u>\$ 89,602</u>	<u>\$ (3,711)</u>	<u>1,338,088</u>

**Restatements to the Government-Wide Financial Statements:**

	Governmental Activities	Business-Type Activities
Beginning Net Assets, as previously reported	876,345	11,672
General Fund	3,083	-
Nonmajor Governmental Funds	(1,446)	-
Waste Systems Division		30,407
Nonmajor Enterprise Funds		10,156
Fund Reclassification	(6,329)	
Other	566	-
	<u>872,219</u>	<u>52,235</u>

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences.

	Total Governmental Funds (Page 41)	Long-Term Assets and Liabilities (1)	Internal Service Funds (2) (Page 44)	Eliminations	Statement of Net Assets Totals (Page 37)
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 527,570	\$ -	\$ 76,927	\$ -	\$ 604,497
INVESTMENTS	9,675	-	-	-	9,675
ACCOUNTS RECEIVABLE - NET	6,500	-	1,716	-	8,216
TAXES RECEIVABLE	32,915	(15,784)	-	-	17,131
INTEREST RECEIVABLE	675	-	173	-	848
LOAN RECEIVABLE	1,326	-	-	-	1,326
OTHER RECEIVABLES	1,387	-	-	-	1,387
DUE FROM OTHER FUNDS	52,555	-	582	(53,137)	-
DUE FROM OTHER GOVERNMENTS	143,283	-	458	11,938	155,679
INTERNAL BALANCES	-	-	-	22,003	22,003
INVENTORIES	2,099	-	1,425	-	3,524
PREPAID ITEMS	1,321	-	1,794	-	3,115
DEFERRED CHARGES	-	-	48	-	48
INTERFUND RECEIVABLE	175	-	-	(175)	-
RESTRICTED CASH AND INVESTMENTS	177,220	-	-	-	177,220
OTHER ASSETS	39	-	-	-	39
LAND	-	48,501	-	-	48,501
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,529,491	7,049	-	1,536,540
EQUIPMENT	-	139,495	52,243	-	191,738
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(691,855)	(39,519)	-	(731,374)
CONSTRUCTION IN PROGRESS	-	75,058	-	-	75,058
<b>TOTAL ASSETS</b>	<b>\$ 956,740</b>	<b>\$ 1,084,906</b>	<b>\$ 102,896</b>	<b>\$ (19,371)</b>	<b>\$ 2,125,171</b>
<b>LIABILITIES</b>					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	\$ 47,734	\$ -	\$ 2,476	\$ -	\$ 50,210
SALARIES AND BENEFITS PAYABLE	35,048	-	1,356	-	36,404
DUE TO OTHER FUNDS	17,186	-	1,760	(18,946)	-
DUE TO OTHER GOVERNMENTS	32,024	-	-	-	32,024
INTEREST PAYABLE	4,975	-	-	-	4,975
DEFERRED REVENUE	29,259	(25,167)	360	-	4,452
INTERFUND PAYABLE	400	-	25	(425)	-
COMPENSATED ABSENCES PAYABLE	-	78,458	2,553	-	81,011
BONDS AND NOTES PAYABLE	170,000	1,060,234	-	-	1,230,234
CAPITAL LEASE OBLIGATIONS	-	5,250	1,744	-	6,994
OTHER LONG TERM LIABILITIES	-	17,930	-	-	17,930
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	93,802	-	93,802
DEFERRED AMOUNT ON REFUNDING	-	(7,348)	-	-	(7,348)
PREMIUM	-	2,273	-	-	2,273
DISCOUNT	-	(366,446)	-	-	(366,446)
<b>TOTAL LIABILITIES</b>	<b>336,626</b>	<b>765,184</b>	<b>104,076</b>	<b>(19,371)</b>	<b>1,186,515</b>
<b>FUND BALANCE/NET ASSETS</b>	<b>620,114</b>	<b>319,722</b>	<b>(1,180)</b>	<b>-</b>	<b>938,656</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE/NET ASSETS</b>	<b>\$ 956,740</b>	<b>\$ 1,084,906</b>	<b>\$ 102,896</b>	<b>\$ (19,371)</b>	<b>\$ 2,125,171</b>

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- (1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

Land	48,501		
Structures, Improvements, and Infrastructure	\$ 1,529,491		
Equipment	139,495		
Accumulated Depreciation and Amortization	(691,855)		
Construction in Progress	75,058		
	\$ 1,100,690		

- (1) Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

9,383

- (1) Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences Payable	(78,458)		
Bonds and Notes Payable	(1,060,234)		
Capital Lease Obligations	(5,250)		
Other Long Term Liabilities	(17,930)		
Deferred Amount on Refunding	7,348		
Premium	(2,273)		
Discount	366,446		
	(790,351)		
	\$ 319,722		

- (2)

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

\$ (1,180)

**NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**(a) Budgetary information**

In accordance with the provisions of Section 29000 – 29143 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. Budgets are prepared on the modified accrual basis of accounting, except that current year encumbrances are budgeted as expenditures.

Annual budgets are not adopted for the following funds: Community Services Department Special Revenue Fund, Pension Obligation Bonds Debt Service Fund and the Joint Powers Authorities Special Revenue, Debt Service and Capital Projects Funds.

The legal level of budgetary control is maintained at the object level and sub-object level for capital assets within departments. However, presentation of the basic financial statements at the legal level of control is not feasible due to excessive length. Because of the large volume of detail, the budget and the actual statements have been aggregated by function. The County does prepare a separate final budget document at the object and sub-object level that is made available to the public by the office of the Auditor/Controller.

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Amendments or transfers of appropriations between funds or departments must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. From time to time during the year, supplemental appropriations were necessary and approved by the Board. Amendments or transfers of appropriations between object levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object level or cost center level may be done at the discretion of the department head. Any deficiency of the budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided in the County Budget Act.

**(b) Excess of Expenditures Over Appropriations**

For fiscal year 2002-03, there were no instances in which expenditures exceed appropriations.

**(c) Net Deficits of Individual Funds**

The Medical Center net deficit of \$ 22,584 is expected to be eliminated in future years through rate increases and/or possible contributions from the General Fund.

The Waste System Division net deficit of \$ 23,374 is expected to be eliminated in future years through rate increases and non-operating interest earnings on investments.

The Jobs and Employment Services net deficit of \$31 is expected to be eliminated in future years through increases in government grants and other local reimbursements.

The Risk Management Division incurred a net deficit of \$ 45,575 is expected to be eliminated over the next five years through rate increases.

**(d) Reconciliation of Budgetary Basis to GAAP Basis**

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles ("GAAP"). The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on Budgetary Basis presents comparisons of the legally adopted budget and the actual data on a budgetary basis. The following adjustments are necessary to provide a meaningful comparison of the actual results of operations with the budget:

	General Fund
Fund balance - budgetary basis	\$ 270,032
Outstanding encumbrances for budgeted funds	15,542
Fund balance - GAAP basis	\$ 285,574

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**Net Assets/Fund Balances**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2003, the County reported restricted net assets of \$410,106 restricted for the following purposes:

Restricted for:	<u>Amount</u>
Legally segregated special revenue funds for grants and other purposes	\$ 243,946
Debt Service	48,947
Capital project funds	41,133
Permanent funds	514
State Realignment Funds	<u>75,566</u>
	<u><u>\$ 410,106</u></u>

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

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Fund balances which are not available for appropriation at June 30, 2003 are reserved or designated for the following purposes:

*Reserved Fund Balance*

	Governmental Activities		Total
	General Fund	Nonmajor Funds	
Encumbrances	\$ 15,542	\$ 47,087	\$ 62,629
Prepaid Items	1,489	1,000	2,489
Noncurrent Interfund Receivables	25	453	478
Debt Service	-	48,947	48,947
Inventories	1,166	933	2,099
Loans Receivable	1,457	144	1,601
Deposits with Others	-	-	-
Teeter Plan	9,077	-	9,077
Total	<u>\$ 28,756</u>	<u>\$ 98,564</u>	<u>\$ 127,320</u>

*Designated Fund Balance*

	Governmental Activities	
	General Fund	Nonmajor Funds
General Purpose	\$ 31,936	\$ -
Medical Center Debt Service	32,075	-
Justice Facilities	4,886	-
West Valley Maximum Security	1,493	-
Future Retirement Rate	7,000	-
Teeter Plan	10,183	-
Restitution	2,114	-
Equity Pool	1,877	-
Insurance	5,000	-
Electronic Voter System	5,700	-
Capital Projects	4,000	-
Total Designated Fund Balance	<u>\$ 106,264</u>	<u>\$ -</u>

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**NOTE 6 – CASH AND INVESTMENTS**

Cash and investments include the cash balances of substantially all funds which are pooled (the “pool”) and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7 – like pool. The pool does not issue a separate report. Included also are cash and investments held by certain joint powers authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

**DEPOSITS**

At June 30, 2003, the carrying amount of the County’s deposits was \$17,292 and the corresponding bank balance was \$57,489. The difference of \$40,197 was principally due to outstanding warrants, wires and deposits in transit. The County’s deposits are categorized in the following manner:

- Category 1 - Insured or collateralized with securities held by the County or by its agent in the County's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
- Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

County deposits by category as of June 30, 2003 are as follows:

	<b>Category</b>			
	<b>1</b>	<b>2</b>	<b>3</b>	<b>Total</b>
Bank Accounts	373	0	57,116	57,489

**INVESTMENTS**

The County’s investments are governed by the California Government Code and the County’s Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers’ acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by Government Code Sections 53601, 53635 and 53638 which limit the investments to certain maximum percentages by investment type in the pool.

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Monies deposited in the County pool by the participants represent an individual interest in all assets and investments in the County pool based upon the amount deposited. Interest income, realized gains and losses are distributed quarterly to the pool participants, based upon their average daily balance. Unrealized gains and losses are distributed annually to the pool participants, based upon their average daily balance.

The County Treasurer determines the market-to-book value difference of the County pool on a monthly basis and provides monthly reports of its asset mix, average life, market value and other features to both the Board of Supervisors and the County Treasury Oversight Committee. The function of the Committee is to render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically they are charged with: 1) reviewing of the annual Investment Policy Statement and any subsequent changes, 2) reviewing of the investment portfolio and reports for compliance with law and investment policy, and 3) causing an annual audit to be conducted on the pooled investment portfolio.

State law now requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$2,645,716 at June 30, 2003.

As of June 30, 2003, the fair value of the County pool was \$2.7 billion. Approximately 14% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other County funds, school districts and special districts. Additionally, as of June 30, 2003, \$60,897 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool.

A summary of the investments held by the County Treasurer is as follows:

<b>Investment</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Interest Rate % Range</b>	<b>Maturity Date</b>
U.S. Government Securities	\$ 1,370,793	\$ 1,353,927	0.75 - 5.80	07/01/03 - 06/18/07
Repurchase Agreements	350,003	350,000	1.15 - 1.45	07/01/03
Municipal Bonds	12,947	12,268	5.44 - 5.55	08/01/05
Collateralized Certificates of Deposit	10,008	10,000	1.3	10/28/03
Negotiable Certificates of Deposit	25,000	25,000	1.04	07/28/03
Commercial Paper	440,852	440,529	1.05 - 1.31	07/01/03 - 10/23/03
Medium Term Notes	145,035	145,216	1.35 - 3.15	08/15/03 - 07/26/04
Mutual Funds	351,975	351,975	1.02	N/A
	<u>\$ 2,706,613</u>	<u>\$ 2,688,915</u>		

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The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2003:

<b>Statement of Net Assets</b>	
Equity of internal pool participants	\$ 1,055,473
Equity of external pool participants:	
Voluntary	60,897
Involuntary	1,590,243
Total Net Assets held for pool participants	\$ 2,706,613

<b>Statement of Changes in Net Assets</b>	
Net Assets at July 1, 2002	\$ 2,269,097
Net change in investments by pool participants	437,516
Net Assets at June 30, 2003	\$ 2,706,613

In accordance with GASB Statement No. 3, the County's investments at June 30, 2003 are categorized separately to give an indication of the level of custodial credit risk assumed by the County. The County's investments are categorized in the following manner:

- Category 1 - Includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.
  
- Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the County's name.
  
- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the County's name.

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County investments by category as of June 30, 2003 are as follows:

	<b>Category</b>			<b>Fair Value</b>
	<b>1</b>	<b>2</b>	<b>3</b>	
U.S. Government Securities	\$ 1,370,793	\$ -	\$ -	\$ 1,370,793
Repurchase Agreements	350,003	-	-	350,003
Municipal Bonds	12,947	-	-	12,947
Collateralized Certificates of Deposit	10,008	-	-	10,008
Negotiable Certificates of Deposit	25,000	-	-	25,000
Commercial Paper	440,852	-	-	440,852
Medium Term Notes	145,035	-	-	145,035
Total Investments Controlled by County Treasurer	<u>2,354,638</u>	<u>-</u>	<u>-</u>	<u>2,354,638</u>
Investments Controlled by Fiscal Agents:				
U.S. Government Securities	1,659	39,649	67,042	108,350
Total Categorized Investments	<u>\$ 2,356,297</u>	<u>\$ 39,649</u>	<u>\$ 67,042</u>	<u>\$ 2,462,988</u>

Summary of Cash and Investments (in thousands):

Total Categorized Investments at Fair Value	\$ 2,462,988
Total Deposits at Carrying Amount	17,292
Other Cash Funds (Imprest, Revolving)	810
Non-Categorized Mutual Funds	376,514
Non-Categorized Investments in Cash with Fiscal Agents (Guaranteed Investment Contracts)	<u>65,552</u>
Total Cash and Investments (Including Restricted Amounts)	<u>\$ 2,923,156</u>

Total County Cash and Cash Equivalents, Investments and Restricted Cash and Investments and Restricted Cash and Investments are reported as follows (in thousands):

Total Governmental Activities	\$ 791,392
Total Business-Type Activities	203,356
Total Agency Funds	<u>1,928,408</u>
Total Cash and Investments	<u>\$ 2,923,156</u>

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**NOTE 7 – INTERFUND TRANSACTIONS**

*Due to/from other funds at June 30, 2003 are as follows:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 6,954
	Medical Center	19,318
	Waste Systems Division	5,494
	Nonmajor Enterprise Funds	37
	Internal Service Funds	248
	Investment Funds	207
	Agency Funds	<u>3,954</u>
		<u>36,212</u>
Nonmajor Governmental Funds	General Fund	6,044
	Nonmajor Governmental Funds	1,793
	Waste Systems Division	613
	Nonmajor Enterprise Funds	38
	Internal Service Funds	1,479
	Investment Funds	1,999
	Agency Funds	<u>4,377</u>
		<u>16,343</u>
Medical Center	General Fund	554
	Agency Funds	196
		<u>750</u>
Waste Systems Division	Agency Funds	137
		<u>137</u>
Nonmajor Enterprise Funds	Agency Funds	312
		<u>312</u>
Internal Service Funds	General Fund	251
	Nonmajor Governmental Funds	104
	Nonmajor Enterprise Funds	5
	Internal Service Funds	33
	Investment Funds	6
	Agency Funds	<u>183</u>
		<u>582</u>
Investment Funds	General Fund	87
	Investment Funds	163
	Agency Funds	<u>8,616</u>
		<u>8,866</u>
Agency Funds	General Fund	1,399
	Agency Funds	14
		<u>1,413</u>
	<u>1,413</u>	
	Total	<u>\$ 64,615</u>

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Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts identified for debt services from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

***Interfund Receivable/Payable at June 30, 2003 are as follows:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 25
		<u>25</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	150
		<u>150</u>
Agency Funds	Nonmajor Governmental Funds	250
		<u>250</u>
	Total	<u>\$ 425</u>

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**Transfers To/From Other Funds for the year ended June 30, 2003 are as follows:**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

**(a) Between Governmental and Business-type Activities:**

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Medical Center	\$ 48,102
	Nonmajor Enterprise Funds	189
	Waste Systems Division	5,365
	Internal Service Funds	727
		<u>54,383</u>
Nonmajor Governmental Funds	Medical Center	2
		<u>2</u>
Internal Service Funds	Nonmajor Governmental Funds	902
		<u>902</u>
Waste Systems Division	General Fund	5,000
	Nonmajor Governmental Funds	112
		<u>5,112</u>
Medical Center	Nonmajor Governmental Funds	4,310
		<u>4,310</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	2,222
		<u>2,222</u>
	Total	<u>\$ 66,931</u>

**(b) Between Funds within the Governmental or Business-type Activities (1)**

General Fund	Nonmajor Governmental Funds	82,988
		<u>82,988</u>
Nonmajor Governmental Funds	General Fund	33,003
	Nonmajor Governmental Funds	12,078
		<u>45,081</u>
Internal Service Funds	Internal Service Funds	2,365
		<u>2,365</u>
Total		<u>\$ 130,434</u>

(1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business Type Activities.

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Amounts transferred out of the General Fund to the Medical Center are the results of year-end budgeted transfer, and the annual transfer from health care cost to the Medical Center.

Amounts transferred from the General Fund to Nonmajor Governmental Funds are the results of the joint power authorities' debt service payments and the pension obligation bond debt service payments.

**NOTE 8 – RESTRICTED CASH AND INVESTMENTS**

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2003 are comprised of the following:

**The General Fund**

The General Fund has restricted cash and cash equivalents in the amount of \$175,154 for the repayment of the Tax and Revenue Anticipation Notes ("TRANS"), and the interest thereon due July 1, 2003.

**Special Revenue Funds**

*Flood Control District:*

The Flood Control District has set aside a total of \$2,066 of cash and cash equivalents. \$1,298 is to be used for the construction of the Etiwanda/San Sevaine and Day Creek Projects. \$768 has been contractually set aside with an escrow agent for the payment of retention payables.

**Enterprise Funds**

*Medical Center:*

Restricted cash and cash equivalents of \$60,827 represent funds set aside for debt service payments.

*Waste System Division:*

Restricted cash and cash equivalents of \$90,971 represent funds set aside as specified by bond covenants and for a waste water treatment facility, groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002 (as restated)	Additions	Decreases	Balance June 30, 2003
<b>Governmental Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 48,501	\$ -	\$ -	\$ 48,501
Construction in progress	66,389	43,519	34,850	75,058
Total assets, non-depreciable	<u>114,890</u>	<u>43,519</u>	<u>34,850</u>	<u>123,559</u>
Capital Assets, depreciable:				
Improvements other than Buildings	103,357	12,683	-	116,040
Structures and Improvements	411,345	30,653	90	441,908
Equipment	193,931	20,244	22,437	191,738
Infrastructure	958,550	20,212	170	978,592
Total assets-depreciable	<u>1,667,183</u>	<u>83,792</u>	<u>22,697</u>	<u>1,728,278</u>
Less accumulated depreciation for :				
Improvements other than Buildings	47,736	4,660		52,396
Structures and Improvements	111,009	9,583		120,592
Equipment	119,436	21,403	19,785	121,054
Infrastructure	414,738	22,594		437,332
Total accumulated depreciation	<u>692,919</u>	<u>58,240</u>	<u>19,785</u>	<u>731,374</u>
Total capital assets, depreciable, net	<u>974,264</u>	<u>25,552</u>	<u>2,912</u>	<u>996,904</u>
Governmental activities capital assets, net	<u>\$ 1,089,154</u>	<u>\$ 69,071</u>	<u>\$ 37,762</u>	<u>\$ 1,120,463</u>
<b>Business-type Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 39,400	\$ -	\$ -	\$ 39,400
Construction in progress	2,849	5,673	1,275	7,247
Total assets, non-depreciable	<u>42,249</u>	<u>5,673</u>	<u>1,275</u>	<u>46,647</u>
Capital Assets, depreciable:				
Improvements other than Buildings	184,801	4,820	2,811	\$ 186,810
Structures and Improvements	532,713	448	688	532,473
Equipment	99,842	2,019	4,051	97,810
Total capital assets-depreciable	<u>817,356</u>	<u>7,287</u>	<u>7,550</u>	<u>817,093</u>
Less accumulated depreciation for :				
Improvements other than Buildings	70,783	20,483	128	91,138
Structures and Improvements	71,522	13,791	848	84,465
Equipment	50,451	12,861	1,250	62,062
Total accumulated depreciation	<u>192,756</u>	<u>47,135</u>	<u>2,226</u>	<u>237,665</u>
Total capital assets, depreciable, net	<u>624,600</u>	<u>(39,848)</u>	<u>5,324</u>	<u>579,428</u>
Business-type activities capital assets, net	<u>\$ 666,849</u>	<u>\$ (34,175)</u>	<u>\$ 6,599</u>	<u>\$ 626,075</u>

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At July 1, 2002, the County made the following restatements to capital assets:

<u>Governmental Activities Capital Assets</u> as reported June 30, 2002	\$ 1,095,504
Record restatement of beginning balance-being equipment not recorded in prior year, net of depreciation	937
Record restatement of beginning balance - being Land	(1,703)
Record restatement of beginning balance-being CIP, Improvements other than buildings	(4,626)
Record restatement of beginning accumulated depreciation. To adjust to actual	(958)
Governmental activities capital assets as restated -- July 1, 2002	<u>\$ 1,089,154</u>
<u>Business-type Activities Gross Capital Assets</u> as reported in the enterprise funds - June 30, 2002	\$ 662,721
Record equipment previously not reported as a capital asset	5
Record restatement of beginning balance - being Land	2,332
Record restatement of CIP, Land, Improvements other than Buildings, Structures and Improvements	3,126
Record restatement of beginning accumulated depreciation. To adjust to actual	(1,335)
Business-type activities capital assets as restated -- July 1, 2002	<u>\$ 666,849</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 7,669
Public Protection	17,065
Public Ways and Facilities	27,386
Health and Sanitation	706
Public Assistance	2,773
Education	217
Recreation and Cultural Services	2,423
Total depreciation expense - governmental functions	<u>\$ 58,239</u>

Depreciation expense was charged to the business-type functions as follows:

Medical Center	\$ 24,350
Waste Systems Divison	20,181
Nonmajor Funds	2,604
Total depreciation expense - business type functions	<u>\$ 47,135</u>

**Construction in Progress**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Construction in Progress consists of thye following projects		
Chino airport and Other Airport Projects	\$ 12,195	\$ 736
High Desert Juvenile Facility	15,257	-
Various Flood Control Projects	22,846	-
Other Various Projects	24,760	6,511
Total	<u>\$ 75,058</u>	<u>\$ 7,247</u>

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**NOTE 10 – SELF INSURANCE**

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation claims. Public liability claims are self-insured for up to \$250 per occurrence. Excess insurance coverage up to \$30 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to \$1 million per occurrence and covered by an independent carrier for the balance up to \$2 million for employer's liability and for workers' compensation statutory liability. Property damage claims are self-insured on an occurrence basis up to \$25 and insured by the CSAC EIA Property Programs I and II.

The County supplements its self-insurance for medical malpractice claims with an insurance policy that provides annual coverage on an occurrence basis with deductibles of \$1 for each claim and \$5 for total annual claims. Maximum coverage under the policy is \$20 million per occurrence with an additional \$30 million in limits provided by the CSAC EIA General Liability II Program.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance, which are accounted for in the General Fund. The liabilities included in the Risk Management Fund are based upon the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expense. The liabilities for these claims are reported using a discounted rate of 5.00%.

The County has an investment agreement with National Westminster Bank to finance the self-insured general liability, automobile liability, workers' compensation and medical malpractice programs. Quarterly disbursements are received by the County for fund reserves and payment of claims. The County's investment in the agreements totaled \$41,125 at June 30, 2003.

The claims liability of \$93,802 reported at June 30, 2003 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2002 and 2003 were:

<u>Fiscal Year</u>	<b>Beginning of</b>	<b>Current Year</b>		<b>Balance at Fiscal Year-end</b>
	<u>Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	
2001-02	\$ 61,172	61,832	(27,716)	\$ 95,288
2002-03	95,288	30,685	(32,171)	93,802

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**NOTE 11 – LONG TERM DEBT**

The following is a summary of long-term liability transactions for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Reductions	Ending Balance June 30, 2003	Due Within One Year
<b>Governmental Activities</b>					
Certificates of Participation, net	\$ 249,756	\$ 64,296	\$ 81,412	\$ 232,640	\$ 7,535
Revenue Bonds, net	430,898	14,796	10,805	434,889	13,020
Other Bonds and Notes	21,499		315	21,184	324
Compensated Absences	75,974	57,968	52,931	81,011	54,000
Capital Lease Obligation	8,682	2,140	3,828	6,994	2,483
Estimated Liability for Litigation and Self-Insured Claims	95,288	30,685	32,171	93,802	32,047
Other Long-Term Liabilities	18,177	1,378	1,625	17,930	165
	<u>\$ 900,274</u>	<u>\$ 171,263</u>	<u>\$ 183,087</u>	<u>\$ 888,450</u>	<u>\$ 109,574</u>
Total Governmental Activities - Long-term Liabilities					
<b>Business-type Activities</b>					
Certificates of Participation, net	\$ 622,057	\$ 93,532	\$ 20,850	\$ 694,739	\$ 26,540
General Obligation Bonds	2,979	3	325	2,657	387
Revenue Bonds, net	94,832	2,018	96,850	-	-
Notes	1,556	1,271	98	2,729	142
Compensated Absences	5,789	6,214	5,965	6,038	5,854
Capital Lease Obligation	669		380	289	289
Estimated Liability for Closure/ Postclosure Care Costs	138,509	17,627	14,277	141,859	11,501
	<u>\$ 866,391</u>	<u>\$ 120,665</u>	<u>\$ 138,745</u>	<u>\$ 848,311</u>	<u>\$ 44,713</u>
Total Business-type Activities - Long-term Liabilities					

Other Long-Term Liabilities include \$11,362 relating to construction of the San Sevaine Creek Water Project, \$6,165 relating to the San Timoteo Creek Project, \$403 of loans from special districts.

At June 30, 2003 the \$11,362 is owed to the United States Department of the Interior, Bureau of Reclamation, for construction of the San Sevaine Creek Water Project, and the \$6,165 is owed to the United States Army Corp of Engineers (\$6,000) and the City of Loma Linda Redevelopment Agency (\$165) for the construction of the San Timoteo Creek Project. Amounts owed to the Bureau of Reclamation are determined annually until the project is completed (approximately 7 years) based on costs incurred but not exceeding \$20 million. After the project completion, the County has 15 years to pay back the liability along with 7% interest. The loan payable to the United States Army Corp of Engineers will be paid back over 15 years after the completion of the project and interest will be charged at the federal prime rate in effect upon the completion of the project. The loan payable of \$165 to the City of Loma Linda Redevelopment Agency is non-interest bearing and will be paid back over the next 3 years.

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A summary of bonds and notes payable recorded in the governmental activities and payable from Debt Service Funds is as follows:

<u>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6-30-03</u>
Capital Improvement Refinancing (1996)	Variable	06-21-96	11-01-25	\$ 9,200	\$ 8,400
County Center Refinancing (1996)	Variable	07-11-96	07-01-15	39,600	31,400
Public Improvement Project (1997)	3.85 to 5.00	10-01-97	10-01-25	17,790	15,560
West Valley Detention Center (2001 A)	4.00 to 4.60	10-25-01	11-01-18	8,365	8,365
West Valley Detention Center (2001 B)	3.50 to 4.00	10-25-01	11-01-12	42,075	41,710
Justice Center/Airport Improvement	3.00 to 5.00	03-01-02	07-01-16	68,100	68,100
West Valley Detention Center (2002 A)	4.50 to 5.25	08-6-02	11-01-18	44,480	44,480
Glen Helen Blockbuster (2003 A)	Variable	05-1-03	03-01-24	9,825	9,825
Glen Helen Blockbuster (2003 B)	Variable	05-1-03	03-01-24	9,875	9,875
					<u>237,715</u>
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(2,819)
Justice Center/Airport Improvement					(2,894)
West Valley Detention Center (2002 A)					(1,270)
Glen Helen Blockbuster (2003 A & B)					(365)
Premium(Discounts):					
West Valley Detention Center (2001 B)					581
Justice Center/Airport Improvement					446
West Valley Detention Center (2002 A)					1,246
Net Certificates of Participation					<u>232,640</u>
<b>Revenue Bonds</b>					
Pension Obligation (1995)	5.68 to 7.72	11-22-95	08-01-21	386,266	801,335
(Discounts)					(366,446)
Net Revenue Bonds					<u>434,889</u>
<b>Other Bonds and Notes</b>					
San Sevaire Redevelopment Bonds	5.30 to 6.85	03-01-00	09-01-29	19,770	19,245
County Library	3.41	07-18-01	02-01-31	1,982	1,939
Subtotal					<u>21,184</u>
Total Bonds And Notes Payable					<u>\$ 688,713</u>

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A summary of bonds and notes payable recorded in the business-type activities is as follows:

<b>Medical Center</b>	<b>Interest Rates (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Original Issue Amount</b>	<b>Outstanding as of 6-30-03</b>
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02-01-94	08-01-28	\$ 283,245	\$ 199,460
Medical Center Project (Series 1995)	4.80 to 7.00	06-01-95	08-01-22	363,265	133,570
Medical Center Project (Series 1996)	5.00 to 5.25	01-01-96	08-01-28	65,070	65,070
Medical Center Project (Series 1997)	4.30 to 5.50	09-01-97	08-01-08	121,095	86,650
* Medical Center Project (Series 1998)	4.1895	10-22-98	08-01-26	176,510	176,510
					<u>661,260</u>
Less:					
Deferred Amount on Refunding					(43,274)
Discounts					(14,361)
Subtotal					<u>603,625</u>
<b>Waste Systems Division</b>					
Certificates of Participation					
Solid Waste Financing (Series 2003 B)	Variable	05-01-03	03-01-17	93,875	93,875
Less:					
Deferred Amount on Refunding					(2,761)
Subtotal					<u>91,114</u>
Net Certificates of Participation					<u>694,739</u>
<b>County Service Areas</b>					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02-15-72	02-15-02	1,300	15
Series B	6.10 to 6.15	04-01-74	04-01-04	1,000	105
Helendale Sewer Facilities:					
Series A	5.00	06-01-78	06-01-98	1,550	5
Helendale Water Facilities:					
Series B	7.00	09-01-82	06-01-97	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	03-01-78	03-01-18	1,708	1,032
Series B	5.00	03-01-78	03-01-18	275	150
Series C	9.00 to 11.00	11-01-84	03-01-05	1,518	335
Landers Water Distribution System	5.00	06-01-79	06-01-19	1,540	1,005
Oak Hills Water Distribution Facilities	7.00	09-01-74	09-01-94	750	5
General Obligation Bonds					<u>2,657</u>
Notes Payable:					
Morongo Valley Water Facilities (Note)	4.50	05-06-64	05-06-04	50	3
Hacienda Water Facilities	5.00	07-14-67	07-14-07	114	24
Crestline Sanitation District		11-01-95	10-01-17	2,160	1,417
Morongo Valley Water Facilities (Loan)		08-17-99	08-17-04	80	51
Pinon Hills Water		12-17-02	12-17-32	1,234	1,234
Notes Payable					<u>2,729</u>
Total Business-type Activities					<u>\$ 700,125</u>

County Service Area 70, Improvement Zone L (CSA 70L) and the California Infrastructure and Economic Development Bank (CIEDB) entered into an agreement dated December 17, 2002 for the funding of a water tank project. Under the terms of the agreement, the project construction must begin no later than twelve months after May 28, 2002 and invoices must be to CIEDB for the entire amount of the project fund of \$5,001 no later than thirty-five months after December 17, 2002. As of June 30, 2003, a total of \$1,234 was approved and received from

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CIEDB. CIEDB is authorized to issue tax-exempt bonds pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act. This agreement will be pledged as security upon issuance of the tax-exempt bonds. It is anticipated that the bonds will be issued in December 2003. The terms of the agreement is for thirty 30 years with interest at 3.5% per annum upon the issuance of the bonds. Prior to the issuance of the bonds, interest only payments are required at 3.24% per annum.

Not included above, but carried in the Debt Service Fund, are \$20 in matured bearer bonds payable for the Chino Civic Center Authority, a JPA that financed the Chino library facility.

General Obligation Bonds are issued to provide funds for the acquisition and construction of major capital facilities. These bonds are backed by the full faith and credit of the County, and revenue for the retirement of such bonds is provided by ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds.

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created nonprofit organizations and joint powers authorities to issue the Certificates. The County leases various projects from the authorities. The lease payments are used by the authorities to pay interest on, and principal of, the COPs.

The Certificates of Participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase payments due each year in its annual budget and make the necessary appropriations. The County is also covenanted to maintain certain levels of liability, property damage, casualty, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basis financial statements. At June 30, 2003, approximately \$301,990 of outstanding debt is considered defeased.

One of the joint powers authorities issued revenue bonds in November 1995 for the purpose of enabling the County to finance outstanding pension indebtedness. The net outstanding balance of the revenue bonds at June 30, 2003 is \$434,889.

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2003 for bonds and notes payable in the governmental activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>Revenue Bonds</b>	<b>Other Long-Term Debt</b>	<b>Total</b>
2004	\$ 7,535	\$ 13,020	\$ 324	\$ 20,879
2005	10,265	15,480	346	26,091
2006	12,695	18,200	362	31,257
2007	13,195	21,200	383	34,778
2008	13,730	24,510	405	38,645
2009-2013	75,480	183,675	2,390	261,545
2014-2018	79,235	263,925	3,230	346,390
2019-2023	20,355	261,325	4,430	286,110
2024-2028	5,225		6,137	11,362
2029-2033			3,177	3,177
Total Principal	237,715	801,335	21,184	1,060,234
Plus Premium	2,273			2,273
Less:				
Deferred Amount on Refunding	(7,348)			(7,348)
Discount		(366,446)		(366,446)
Total Bonds and Notes Payable	<u>\$ 232,640</u>	<u>\$ 434,889</u>	<u>\$ 21,184</u>	<u>\$ 688,713</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2003 for bonds and notes payable in the governmental activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>Revenue Bonds</b>	<b>Other Long-Term Debt</b>	<b>Total</b>
2004	\$ 8,397	\$ 15,440	\$ 1,375	\$ 25,212
2005	8,099	14,500	1,358	23,957
2006	7,752	13,377	1,340	22,469
2007	7,347	12,053	1,320	20,720
2008	6,929	10,504	1,298	18,731
2009-2013	27,517	21,015	6,115	54,647
2014-2018	12,327		5,281	17,608
2019-2023	1,620		4,077	5,697
2024-2028	212		2,377	2,589
2029-2033			329	329
Total Interest	<u>\$ 80,200</u>	<u>\$ 86,889</u>	<u>\$ 24,870</u>	<u>\$ 191,959</u>

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2003 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2004	\$ 26,540	\$ 387	\$ 142	\$ 27,069
2005	27,960	280	92	28,332
2006	29,500	110	93	29,703
2007	31,185	115	95	31,395
2008	32,930	120	89	33,139
2009-2013	127,780	690	1,705	130,175
2014-2018	136,085	860	513	137,458
2019-2023	132,745	95		132,840
2024-2028	170,795			170,795
2029-2033	39,615			39,615
Total Principal	755,135	2,657	2,729	760,521
Less:				
Deferred Amount on Refunding	(46,035)			(46,035)
Discount	(14,361)			(14,361)
Total Bonds and Notes Payable	<u>\$ 694,739</u>	<u>\$ 2,657</u>	<u>\$ 2,729</u>	<u>\$ 700,125</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2003 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2004	\$ 34,644	\$ 146	\$ 26	\$ 34,816
2005	33,417	121	24	33,562
2006	32,064	100	22	32,186
2007	30,618	94	20	30,732
2008	29,102	88	18	29,208
2009-2013	125,616	345	69	126,030
2014-2018	99,474	157	27	99,658
2019-2023	68,314	5		68,319
2024-2028	30,801			30,801
2029-2033	972			972
Total Interest	<u>\$ 485,022</u>	<u>\$ 1,056</u>	<u>\$ 206</u>	<u>\$ 486,284</u>

**Non-Obligation Debt**

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance

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the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of decent, safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. The bonds do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds (\$3,245 at June 30, 2003) do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

**NOTE 12 – INTEREST RATE SWAP**

*Objective of the interest rate swap.* As a means to lower financing costs, and to reduce the risks to the County associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Medical Center Series 1998A Certificates of Participation (COP) in the amount of \$176,510. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 4.1895 percent.

*Terms.* The COPs and the related swap agreement mature on August 1, 2026, and the swap's notional amount of \$176,510 matches the \$176,510 variable-rate COPs. The swap was effective at the same time the COPs were issued on October 22, 1998. Starting in fiscal year 2008-09, the notional value of the swap and the principal amount of the associate debt decline. Under the swap agreement, through August 1, 2005, the County pays Merrill Lynch a fixed rate of 4.1895 percent and Merrill Lynch pays the County an amount equal to the variable rate interest payable on the outstanding COPs. After August 1, 2005 the County pays Merrill Lynch Capital Services (MLCS), Inc. a fixed payment of 4.1895 percent and receives from Merrill Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). Conversely, the COP's variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

*Fair Value.* Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$18,712 as of June 30, 2003. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the Medical Center variable-rate COPs adjust to changing interest rates, the COPs do not have a corresponding fair value increase. The fair value was the quoted market price from Merrill Lynch & Co. at June 30, 2003.

*Credit Risk.* The swap counterparty was rated Aa3 by Moody's and A+ by Standard & Poor as of June 30, 2003. The swap agreement specifies that if the long-term senior unsecured debt rating of Merrill Lynch & Co. is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the swap agreement will terminate.

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*Basis Risk.* The swap exposes the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the COPs. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2003, the BMA rate was .98 percent, whereas 73 percent of LIBOR was .8176 percent.

*Termination Risk.* The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if MLCS credit quality rating falls below A- as issued by Standard & Poor or A3 by Moody's. If the swap is terminated, the variable-rate COP would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the MLCS for a payment equal to the swap's fair value.

*Swap payments and associated debt.* Using rates as of June 30, 2003, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable-rate COP interest payments and net swap payments will vary.

Fiscal Year	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2003/04	\$ -	\$ 1,730	\$ 5,665	\$ 7,395
2004/05	-	1,730	5,665	7,395
2005/06	-	1,730	5,665	7,395
2006/07	-	1,730	5,665	7,395
2007/08	-	1,730	5,665	7,395
2008-2027	176,510	20,403	66,820	263,733
	<u>\$ 176,510</u>	<u>\$ 29,053</u>	<u>\$ 95,145</u>	<u>\$ 300,708</u>

**NOTE 13 – ADVANCE REFUNDINGS**

*West Valley Detention Center Project:* On October 25, 2001 the County issued “2001 Series A” Certificates of Participation in the amount of \$8,365 and “2001 Series B” Certificates of Participation in the amount of \$42,075. The 2001 Series A Certificates bear interest rates from 4.00 percent to 4.60 percent. The 2001 Series B Certificates bear interest rates from 3.50 percent to 4.00 percent.

On August 6, 2002 the County issued “2002 Series A” Certificates of Participation in the amount of \$44,480 which bear interest rates from 4.50 percent to 5.25 percent.

The proceeds from the issuance of the 2001 Series A and 2002 Series A Certificates of Participation were used to refund \$52,330 of the outstanding 1992 Certificate.

As a result of the refunding, the County has potentially reduced its debt requirements by \$3,169. This results in an economic gain (difference between the present value of debt service payments in the old and the new debt) of \$3,167

*Glen Helen Blockbuster Project:* On May 1, 2003 the County issued Certificates of Participation in the amount of \$19,700, consisting of \$9,825 (the “Series 2003 A Certificates”) and \$9,875

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(the "Series 2003 B Certificates") with March 1, 2024 final maturity date. Interest with respect to the Series 2003 A Certificates is payable at an adjustable weekly rate determined pursuant to the Dutch Auction procedures, with the maximum rate being 12% per annum. Interest with respect to the Series B Certificates is payable every fourth Thursday after May 8, 2003 at an adjustable rate determined pursuant to the Dutch Auction procedures, with the maximum rate being 17% per annum.

The proceeds from the issuance of the Series 2003A and 2003 B Certificates of Participation were used to prepay \$6,035 outstanding principal amount of Series C Certificated issued in 1994, \$9,690 outstanding principal amount of Series D Certificates issued in 1994 and \$3,610 outstanding principal amount of Series D Certificates issued in 1995.

As a result of the current refunding, the County has potentially reduced its debt requirements by \$982. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$810. Since the interest rate on both the new and old debt is a variable interest rate, the interest rate on the date of refunding was used to estimate the debt service requirements.

Solid Waste Financing Project: On May 1, 2003 the County issued Certificates of Participation in the amount of \$93,875 (the Series 2003 B Certificates) with March 1, 2017 final maturity date. The descriptions pertaining to Series B Certificates (Glen Helen Blockbuster Project) are applicable to these Series 2003 B as they were issued together as the 2003 Refunding Certificates.

The proceeds from the issuance of the Series B Certificates of Participation were used to prepay \$92,120 outstanding principal amount of "Series A" Certificates issued in 1999.

As a result of the advance refunding, the Solid Waste Management Division has potentially reduced its debt requirements by \$1,436. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$390.

**NOTE 14 – LEASES**

***Capital Leases***

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

Equipment and related accumulated amortization under capital lease are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 12,823	\$ 274
Less: Accumulated depreciation	5,371	4
Total	\$ 7,452	\$ 270

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2004	\$ 2,761	\$ 299
2005	1,655	-
2006	1,076	-
2007	938	-
2008	739	-
2009-2013	561	-
Total Minimum Lease Payments	<u>7,730</u>	<u>299</u>
Less: Amount Representing Interest	736	10
Present Value of Minimum Lease Payments	<u>\$ 6,994</u>	<u>\$ 289</u>

***Operating Leases***

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease term in excess of one year as of June 30, 2003:

<u>Year Ending June 30,</u>	
2004	\$ 26,440
2005	23,103
2006	20,110
2007	16,430
2008	13,711
2009-2013	17,924
2014-2018	1,667
Total Minimum Payments	<u>\$ 119,385</u>

The County incurred rental expenditures of \$24,640, principally in the General Fund, for the year ending June 30, 2003.

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**NOTE 15 – COLLATERIZED FACILITIES**

The following County Facilities have been pledged as collateral in certain County financing transactions:

Facilities	Beginning	Additions	Deletions	Ending
Foothill Law and Justice	\$ 42,642			\$ 42,642
Victorville Law Center	8,644			8,644
West Valley Detention Center	146,327			146,327
Public Health Bldg	1,102		1,102	-
Courthouse & Annex	9,450			9,450
Mid-Valley Landfill	59,260			59,260
West Valley Juvenile Detention Center	5,077			5,077
Information Services Bldg	500			500
Glen Helen Rehabilitation Center	10,486		10,486	-
Sheriff's Academy	5,539		5,539	-
Central Jail	10,819			10,819
Offices and Bindery	4,247			4,247
Vehicle Services Garage	3,469			3,469
Coroner's Office	1,212			1,212
Fontana Government Center	566			566
Fontana Government Center	2,274			2,274
Arrowhead Regional Medical Center	490,481			490,481
Sheriff Emergency Vehicle OC	1,491		1,491	-
Hall of Records (New)	12,666			12,666
Hall of Records (Old)	2,054			2,054
Glen Helen Pavilion Amphitheater	26,174			26,174
Civic Center	5,117			5,117
Sheriff's Admin Bldg	13,416			13,416
County Gov Center	25,711			25,711
	<u>\$ 888,724</u>		<u>\$ 18,618</u>	<u>\$ 870,106</u>

The Public health building was released as part of the 2001/2002 West Valley Detention Center Refinancing. The Glen Helen Rehab Center and Sheriff's Academy were released when the 1996A Solid Waste Bonds matured in 2003. The Sheriff's Emergency Vehicle Operations Center was released when Glen Helen Series C, D, and E bonds were refunded in 2003.

**NOTE 16 – MEDICARE AND MEDI-CAL PROGRAMS**

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2003 and 2001, the Medi-Cal program represented 46% and 45%, and the Medicare program represented approximately 11% and 12%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed-upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2002 for Medicare and Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount can be determined.

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**NOTE 17 – CLOSURE AND POSTCLOSURE CARE COST**

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure and postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

Closure and postclosure care costs include, but are not limited to, such items as final cover, groundwater monitoring, well installations and landfill gas monitoring systems.

The twenty (20) landfills listed below (with their capacity used and estimated remaining lives) are those currently subject to the State regulations:

<i>LANDFILL</i>	<i>Capacity Used</i>	<i>YEARS Remaining</i>	<i>LANDFILL</i>	<i>Capacity Used</i>	<i>YEARS Remaining</i>
Apple Valley	33%	Inactive	Milliken	92%	Inactive
Baker	6%	Inactive	Morongo Valley	81%	Inactive
Barstow	92%	6	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	88%	3	Phelan	60%	Inactive
Hesperia	55%	Inactive	San Timoteo	52%	4
Landers	77%	18	Trona-Argus	18%	Inactive
Lenwood-Hinkley	6%	Inactive	Twentynine Palms	14%	Inactive
Lucerne Valley	100%	Inactive	Victorville	87%	3
Mid-Valley	99%	1	Yermo	70%	Inactive

The landfill closure and postclosure care cost estimates of \$111,287 and \$101,520, respectively, are based upon the most recently submitted Closure/Postclosure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. As of June 30, 2003, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$186,543. The remaining \$26,264 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$44,684 have been paid which reduced the landfill closure and postclosure liability to \$141,859 at June 30, 2003.

Current State regulations allow public agencies to demonstrate financial assurance for postclosure maintenance costs through a "pledge of revenue" mechanism. This mechanism allows agencies to pledge a reliable future revenue source to fund the required postclosure maintenance at each landfill site for thirty years after landfill closure. The County has pledged a portion of its future tipping fees and investment earnings from the Waste Systems Division enterprise funds to fund these costs.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
(Amounts in the thousands)

**NOTE 18 – RETIREMENT PLAN**

***Plan Description***

The San Bernardino County Employees’ Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the “Plan”) operating under the California County Employees Retirement Act of 1937 (“1937 Act”). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the “AQMD”), were later included, along with the County of San Bernardino (the “County”), and are collectively referred to as the “Participating Members”. The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3<sup>rd</sup> floor, San Bernardino, California 92415-0014.

***Fiduciary Responsibility***

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County’s Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2003.

***Funding Policy***

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary bases on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.36% - 13.46% of their annual covered salary of which the County pays approximately 7%. All employers combined are required to contribute 8.90% of the current year covered payroll. For 2003, the County’s annual pension cost of \$68,361 was equal to the County’s required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

The following table shows the County’s required contributions and percentage contributed, for the current year and two preceding years:

<b>Year Ended June 30,</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>
2001	58,572	100%
2002	69,245	100%
2003	68,361	100%

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
**(Amounts in the thousands)**

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2003 is \$434,889 (see Note 11).

**NOTE 19 – LEASE/LEASEBACK**

In May 1997, the County entered into a lease agreement whereby seven separate County facilities, valued at a total of approximately \$146 million, were leased to a financing institution. The County simultaneously entered into a sublease agreement to lease the buildings back, and received a prepayment of \$96.2 million from the financing institution, as the investor parent. The County then deposited \$87.6 million with the defeasance bank. After transaction expenses of \$1 million, the net benefit to the County was \$7.6 million. The deposit amount provides payments equal to the County's obligation under the sublease and purchase option. As a result, obligations under this lease/leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements.

The term of the full lease with the financing institution ends in 2034. However, the term of the agreement with the defeasance bank ends in 2014, at which time the County may either exercise the early purchase option or renegotiate the agreement to the end of the full lease term. The decision will then be based on the prevailing interest rates at the time.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
**(Amounts in the thousands)**

**NOTE 20 – COMMITMENTS AND CONTINGENCIES**

- (a) The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, such loss has been accrued in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.
- (b) The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2003 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- (c) During fiscal year 2002, the State of California's error rate for the food-stamp program exceeded the tolerance thresholds established by the Federal Government. As a result, the State has been sanctioned for amounts in excess of \$177,000 pertaining to the Federal non-compliance. The State is attempting to pass-through sanctions to the County in excess of \$7,300.
- (d) In fiscal year 1996, the Board of Supervisors approved a reimbursement agreement ("the agreement") whereby for land parcels transferred in 1983, the Waste Systems Division agreed to reimburse the General Fund for the then fair market value of the land approximating \$35,272. The terms of the agreement stipulated that the annual reimbursement will at a rate of \$5.00 per ton plus 7% per annum, payable from operational cost savings. The estimated period of repayment is approximately 11 years with final payment by June 2006. During the fiscal year, the Waste Systems Division transferred approximately \$5,000 as a repayment under the terms of the agreement. As of June 30, 2003, the total balance outstanding under the agreement was \$14,161.
- (e) Beginning in August 2002 the SWMD commenced an aggressive investigation of perchlorate impacts to soil and groundwater in the vicinity of the Mid Valley Sanitary Landfill ("MVSL"). The work consisted of installing seven permanent groundwater monitoring wells, 24 temporary wells, groundwater modeling, and collection and analysis of groundwater samples. This work was summarized in a report dated October 7, 2002, and was submitted to the Regional Water Quality Control Board ("RWQCB") for their review.

On September 26, 2002, the RWQCB issued a directive to the SWMD to submit a Work Plan and conduct additional perchlorate investigations in the vicinity of the MVSL. The directive required the SWMD to submit the Work Plan by October 26, 2002. The SWMD requested and was granted an extension to the submittal deadline from October 26, 2002 to November 15, 2002. The work plan was submitted to the RWQCB on November 15, 2002. On January 24, 2003, the RWQCB issued Cleanup and Abatement Order No. R8-2003-0013 to the County, which ordered the implementation of the November 15, 2002, work plan to further define the lateral and vertical extent of the perchlorate impacts to soil

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
(Amounts in the thousands)

and groundwater in the vicinity of the MVSL. The work plan consisted of the installation of four permanent groundwater monitoring wells, the construction of 20 temporary wells, the excavation of five soil borings through the wash ponds at the sand and gravel operation, the excavation of borings through the visual berms at the sand and gravel operation, the collection of soil and groundwater samples for analysis, and the preparation of a final report. As of June 30, 2003, all the field work had been completed as outlined in the approved work plan. Our investigation in response to the RWQCB directives has resulted in the expenditure of approximately \$2.1 million. An Engineering Feasibility Study for corrective action is currently being prepared and it is anticipated it will be submitted to the RWQCB early next year. However, the current best estimated cost for construction of a corrective action treatment system is approximately \$3,500 to \$5,000. Additionally, annual operations and maintenance cost are estimated at \$150 to \$300.

Fiscal Year 2002/2003 unbudgeted costs totaling \$1,495 has been committed for the perchlorate investigation and the FY 2003/2004 Budget appropriates \$4,511 to continue the investigation.

- (f) In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for \$13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2003, is \$5,316. The Flood Control District is contingently liable for the loan if the Agency defaults.
- (g) The County has entered into several contractual agreements for the construction and/or improvement of several capital projects. These commitments include \$5,119 for various projects of the Capital Improvements Fund.

**NOTE 21 – SUBSEQUENT EVENTS**

- (a) In July 2003, the County issued Tax and Revenue Anticipation Notes ("TRANS") totaling \$140,000 at an interest rate of 1.50%. This issue followed the prior year issued TRANS of \$170,000, which was repaid July 1, 2003. The proceeds of the TRANS are intended to provide financing for 2003-04 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS are secured by a pledge of various monthly amounts of property taxes on the secured roll.

Beginning Balance <u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2003</u>
<u>\$ 175,000</u>	<u>170,000</u>	<u>175,000</u>	<u>\$ 170,000</u>

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
**(Amounts in the thousands)**

- (b) Federal and State disasters were declared for the fires that began in October 2003. The County has and will be incurring significant costs related to these disasters named the Grand Prix and Old fires. It is anticipated that the Federal Emergency Management Agency and the State Office of Emergency Services will reimburse most of the eligible costs. No estimates of the total cost could be determined at the date of this report.
- (c) Approximately three-fourths of Vehicle License Fee (VLF) revenue is allocated to cities and counties as general purpose financing. The remaining funds are allocated to counties to pay for "realignment" Health and Social Services programs. From Fiscal Year 1998-1999 to 2002-2003, there has been a 67.5% reduction in the actual VLF charged to vehicle owners. When the State acted to reduce the fees, the potential impact would have been felt by counties and cities and not the State. However, since the VLF reductions were first enacted, the State has made up the revenue impact of the VLF rate reductions with State general fund revenues (the "VLF backfill") and VLF revenues allocations to counties and cities have continued as if there was no reduction.

In June 2003, a determination was made by the State Department of Finance that there were insufficient State monies available to provide the VLF backfill to local governments. As a result, the VLF backfill was eliminated on June 20, 2003 and Vehicle License Fees charged to vehicle owners were increased to their previous level effective October 1, 2003. For the period of June 20, 2003 to October 1, 2003, no VLF backfill payments were made by the State and the County lost approximately \$28.4 million in discretionary VLF revenues, of which \$2.2 million is related to fiscal year 2003. Part of this loss is due to a reduction in the share of VLF allocated as discretionary revenue, from 75.67% to 71.93%, and a corresponding increase in the share allocated to realignment programs to eliminate any loss to these programs caused by the elimination of the VLF backfill. The discretionary revenue loss due to the elimination of the VLF backfill is considered a loan to the State, with the State budget specifying that this loan will be repaid by August 2006.

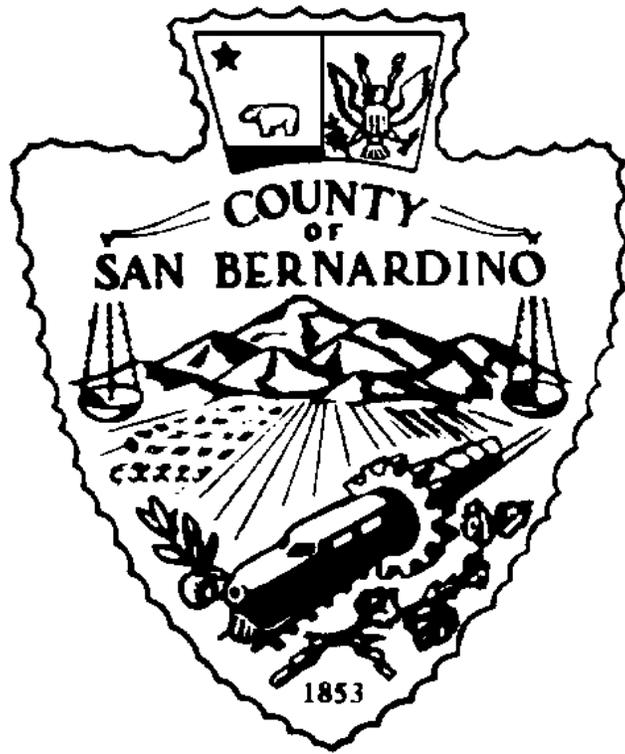
On November 17, 2003, the Governor issued an executive order which:

- Rescinded the letter issued by the Director of Finance on June 20, 2003 to reinstate the full vehicle license fee and eliminate the offset from the State General Fund.
- Ordered the Department of Motor Vehicles to reinstate the General Fund offset to the vehicle license fee as soon as administratively feasible.
- Ordered the Department of Motor Vehicles to refund to taxpayers all overpayments of vehicle license fees paid since June 20, 2003, in excess of amounts due taking into account the offset.

On this same day, the Governor issued a proclamation convening an extraordinary session of the legislature on November 18, 2003 to consider several items, including legislation relative to funding the offset of the motor vehicle license fee from the State's General Fund. As of this date, this issue has not been resolved. The County currently estimates that it could lose a total of \$94.0 million in discretionary vehicle license fee revenues and \$27.0 million in realignment vehicle license fee revenues in 2003-04 if the VLF backfill is eliminated for the entire fiscal year.

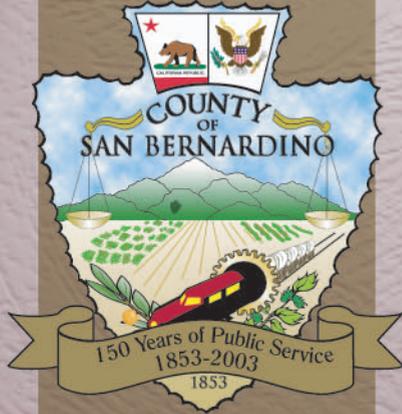
**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**  
**(Amounts in the thousands)**

- (d) On November 25, 2003 the board, acting as the governing body of the County Service Area 70, Improvement Zone J (“CSA 70 J”) entered into a \$2,400 loan agreement with the California Infrastructure and Economic Development Bank (“CIEDB”) to fund water system improvements in CSA 70 J. The terms of the agreement is for thirty 30 years with interest at 3.09% per annum.

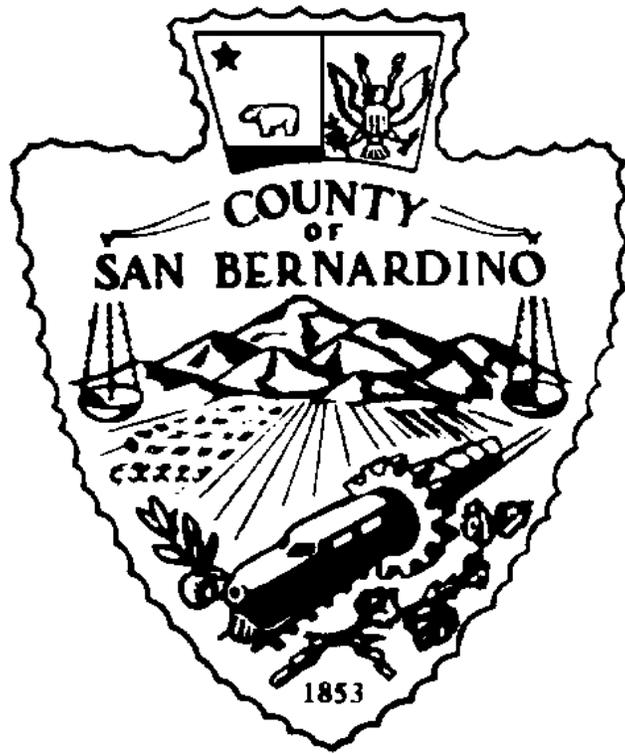




# SUPPLEMENTAL INFORMATION



**COMBINED  
FINANCIAL  
STATEMENT  
NONMAJOR  
GOVERNMENTAL FUNDS**



COUNTY OF SAN BERNARDINO  
 COMBINED BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

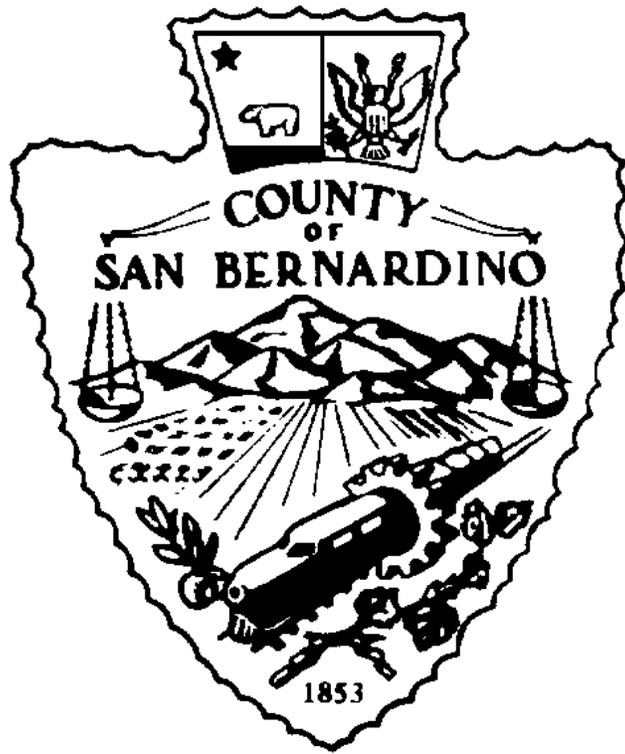
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 249,123	\$ 38,948	\$ 25,666	\$ 512	\$ 314,249
INVESTMENTS (NOTE 6)	-	9,675	-	-	9,675
ACCOUNTS RECEIVABLES - NET	434	-	1,663	-	2,097
TAXES RECEIVABLE	12,094	-	-	-	12,094
INTEREST RECEIVABLE	2	151	-	-	153
OTHER RECEIVABLES	87	-	-	-	87
DUE FROM OTHER FUNDS (NOTE 7)	7,628	173	8,540	2	16,343
DUE FROM OTHER GOVERNMENTS	11,917	-	11,252	-	23,169
INVENTORIES	933	-	-	-	933
PREPAID ITEMS	1,019	-	-	-	1,019
INTERFUND RECEIVABLE (NOTE 7)	150	-	-	-	150
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	2,066	-	-	-	2,066
OTHER ASSETS	-	-	39	-	39
TOTAL ASSETS	<u>\$ 285,453</u>	<u>\$ 48,947</u>	<u>\$ 47,160</u>	<u>\$ 514</u>	<u>\$ 382,074</u>
<b>LIABILITIES AND FUND BALANCES</b>					
ACCOUNTS PAYABLE	\$ 16,533	\$ -	\$ 5,838	\$ -	\$ 22,371
SALARIES AND BENEFITS PAYABLE	4,685	-	-	-	4,685
DUE TO OTHER FUNDS (NOTE 7)	8,662	-	189	-	8,851
DUE TO OTHER GOVERNMENTS	2,010	-	-	-	2,010
DEFERRED REVENUE	9,217	-	-	-	9,217
INTERFUND PAYABLE (NOTE 7)	400	-	-	-	400
TOTAL LIABILITIES	<u>41,507</u>	<u>-</u>	<u>6,027</u>	<u>-</u>	<u>47,534</u>
<b>FUND BALANCES:</b>					
RESERVED:					
ENCUMBRANCES	40,852	-	6,235	-	47,087
PREPAID ITEMS	1,000	-	-	-	1,000
NONCURRENT INTERFUND RECEIVABLES	453	-	-	-	453
INVENTORIES	933	-	-	-	933
OTHER RESERVES	144	-	-	-	144
DEBT SERVICE	-	48,947	-	-	48,947
ENDOWMENT FUNDS	-	-	-	514	514
UNRESERVED:					
UNDESIGNATED	200,564	-	34,898	-	235,462
TOTAL FUND BALANCES	<u>243,946</u>	<u>48,947</u>	<u>41,133</u>	<u>514</u>	<u>334,540</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 285,453</u>	<u>\$ 48,947</u>	<u>\$ 47,160</u>	<u>\$ 514</u>	<u>\$ 382,074</u>

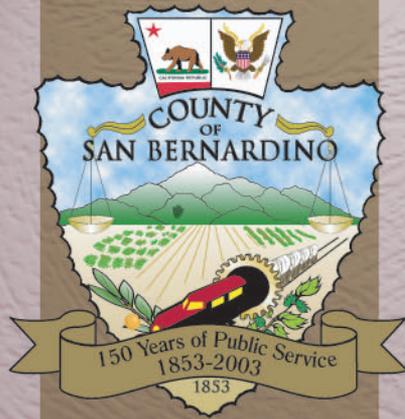
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

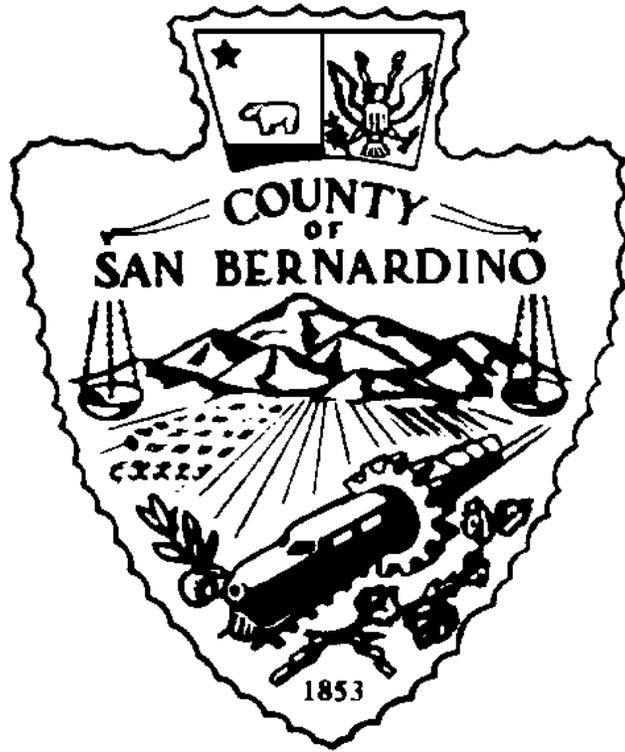
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>REVENUES</b>					
TAXES	\$ 74,862	\$ 4,049	\$ -	\$ -	\$ 78,911
LICENSES, PERMITS AND FRANCHISES	274	-	-	-	274
FINES, FORFEITURES AND PENALTIES	10,261	-	-	-	10,261
REVENUES FROM USE OF MONEY AND PROPERTY	10,226	860	650	16	11,752
AID FROM OTHER GOVERNMENTAL AGENCIES	171,781	-	14,780	-	186,561
CHARGES FOR CURRENT SERVICES	24,270	-	272	-	24,542
OTHER REVENUES	43,159	2,348	308	26	45,841
					-
TOTAL REVENUES	334,833	7,257	16,010	42	358,142
<b>EXPENDITURES:</b>					
CURRENT:					
GENERAL GOVERNMENT	4,987	-	-	-	4,987
PUBLIC PROTECTION	105,984	-	-	-	105,984
PUBLIC WAYS AND FACILITIES	57,005	-	-	-	57,005
HEALTH AND SANITATION	5,183	-	-	-	5,183
PUBLIC ASSISTANCE	92,951	-	-	-	92,951
EDUCATION	10,990	-	-	3	10,993
RECREATION AND CULTURAL SERVICES	4,757	-	-	-	4,757
DEBT SERVICE					
PRINCIPAL	2,474	92,395	-	-	94,869
INTEREST AND FISCAL CHARGES	346	26,853	-	-	27,199
CAPITAL OUTLAY	13,325	-	39,555	-	52,880
TOTAL EXPENDITURES	298,002	119,248	39,555	3	456,808
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,831	(111,991)	(23,545)	39	(98,666)
<b>OTHER FINANCING SOURCES (USES):</b>					
TRANSFERS TO OTHER FUNDS (NOTE 7)	(40,951)	(3,277)	(855)	-	(45,083)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	16,729	63,042	22,841	-	102,612
PROCEEDS OF REFUNDING BONDS	-	63,791	-	-	63,791
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	1,368	-	-	-	1,368
SALE OF CAPITAL ASSETS	1,014	-	1,177	-	2,191
TOTAL OTHER FINANCING SOURCES AND (USES)	(21,840)	123,556	23,163	-	124,879
NET CHANGE IN FUND BALANCE	14,991	11,565	(382)	39	26,213
FUND BALANCE, JULY 1, 2002 - AS RESTATED (NOTE 3)	228,955	37,382	41,515	475	308,327
FUND BALANCE, JUNE 30, 2003	\$ 243,946	\$ 48,947	\$ 41,133	\$ 514	\$ 334,540

See accompanying independent auditor's report.





# COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



# **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

## **SPECIAL REVENUE FUNDS DESCRIPTIONS**

### ***TRANSPORTATION***

The Transportation Fund is responsible for the administration, planning, design, contracting, traffic management and maintenance of approximately 2,899 miles of County roads. The fund is financed principally from the State Highway User's Tax, a small share of the state sales tax, and State and Federal aid for road improvements.

### ***COUNTY FREE LIBRARY***

The County Free Library Fund provides public library services through a network of 27 branches to all of the unincorporated areas and 17 of the cities within the County. Four bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The Library also operates the County Archives, the Medical Library at the County Medical Center and a documents collection service at the Library Administration building in San Bernardino. The fund is financed principally from property taxes.

### ***ECONOMIC AND COMMUNITY DEVELOPMENT***

The Economic and Community Development Fund accounts for Federal Community Development Block Grants, which are used to develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunities for low and moderate income individuals.

### ***AGING AND ADULT SERVICES***

The Aging and Adult Services Fund accounts for services to the County's elderly through senior citizen programs financed primarily by state aid.

### ***JOBS AND EMPLOYMENT SERVICES***

The Jobs and Employment Services Fund was established to provide various job training programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals facing barriers to employment.

### ***MICROGRAPHICS FEES***

The Micrographics Fees Fund was established to account for the automation of record keeping systems. Revenues are derived from a portion of the County Clerk's filing fees.

### ***COUNTY SERVICE AREAS***

The County Service Areas Special Revenue Funds account for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued**

### ***COURTHOUSE TEMPORARY CONSTRUCTION***

The Courthouse Temporary Construction Fund accounts for monies to be used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities. Revenues are derived from a surcharge on parking fines, non-parking offenses, and criminal fines.

### ***CRIMINAL JUSTICE TEMPORARY CONSTRUCTION***

The Criminal Justice Temporary Construction Fund accounts for the monies to be used for improvements to criminal justice facilities. Revenues are derived from a surcharge on criminal fines.

### ***FLOOD CONTROL DISTRICT***

The Flood Control District Fund accounts for the control of flood and storm waters and for the conservation of such waters for beneficial and useful purposes to the public. The Flood Control District's primary source of funding is from property taxes.

### ***FIRE PROTECTION DISTRICTS***

The Fire Protection Districts account for the operation and maintenance of fire protection facilities. Property taxes represent the principal source of financing.

### ***PARK AND RECREATION DISTRICTS***

The Park and Recreation Districts account for the operation and maintenance of recreational facilities. Property taxes represent the principal sources of financing to the extent that service fees are not sufficient to provide such financing.

### ***TOBACCO TAX PROGRAM***

The Tobacco Tax Program, which was implemented by State Assembly Bill (AB) 75, accounts for Cigarette and Tobacco Products Surtax Funds. These funds are to be used for Hospital Services, Physician Services, and other Health Services.

### ***JOINT POWERS AUTHORITIES***

The Joint Powers Authorities Funds account for cash accumulated for the payment of all administrative costs of the authorities, incidental to the issuance of Certificates of Participation.

### ***SPECIAL AVIATION***

The Special Aviation Fund accounts for the County's airport construction projects financed principally by state and federal grants.

### ***COMMUNITY SERVICES DEPARTMENT***

The Community Services Department Fund accounts for activities designed to provide nutrition, transportation, energy, and emergency food and shelter programs to the elderly and low-income residents of the County. Services are funded primarily by local, state, and federal grants and contracts.

### ***LOCAL LAW ENFORCEMENT BLOCK GRANT***

Local Law Enforcement block grant from the U.S. Department of Justice accounts for the purpose of reducing crime and improving public safety.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued**

### ***PRESCHOOL SERVICES DEPARTMENT***

The Preschool Services Department Fund administers the following programs: Headstart State Preschool, Child Development, Alternative Payment, and Child Nutrition Services. These programs are funded by the U.S. Department of Health and Human Services, and the California State Department of Education.

### ***SHERIFF'S SPECIAL PROJECTS***

Sheriff's Special Projects Fund accounts for the following functions: public gatherings -- appropriations set aside to fund Sheriff protective services for public gatherings; contract training -- represents special law enforcement training provided to the County Sheriff; asset seizures -- represents funds appropriated from drug asset seizures to be used for the purchase of non-budgeted services and equipment; High Intensity Drug Trafficking Area Program and the Regional Narcotics Task Force to enable regional cooperation and coordination in fighting major drug trafficking and surveillance of criminal and narcotics activities; and CAL-ID -- an automated criminal identification system through fingerprinting.

### ***SPECIAL TRANSPORTATION***

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (9½% sales tax approved by voters in November 1989).

### ***REDEVELOPMENT AGENCY***

The Redevelopment Agency Fund accounts for administration and revenues and expenditures related to the San Sevaire project and low and moderate-income housing.

### ***OTHER SPECIAL REVENUE***

Other Special Revenue Funds account for revenues received for various activities and programs including Fish and Game, Off-Highway Vehicle License Fees, Intergovernmental Training, Industrial Development Authority, California Grazing Fees, Litter Cleanup, Survey Monument Preservation, Geothermal Energy, Hazardous Waste Awards, Glen Helen Amphitheater, and the Chino Open Space Project.

## **DEBT SERVICE FUNDS DESCRIPTIONS**

### ***REDEVELOPMENT AGENCY BONDS***

This fund is used to account for Redevelopment Agency of the County of San Bernardino bonds.

### ***JOINT POWERS AUTHORITIES***

The Joint Powers Authorities Debt Service funds account for the accumulation of resources for, and payment of, general long-term debt principal and interest. Long-term lease payments from the General Fund present the primary source of financing the requirements.

### ***PENSION OBLIGATION BONDS***

The Pension Obligation Bond Fund administers the debt service payments related to the County's pension obligation bonds.

# NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

## CAPITAL PROJECTS FUNDS DESCRIPTIONS

### ***CAPITAL IMPROVEMENTS***

The Capital Improvements Fund accounts for the County's major capital acquisition and construction projects, which are not otherwise accounted for within the Fire Protection Districts, Park and Recreation Districts, Community Services Districts, Joint Powers Authorities or County Service Area Capital Projects Funds. Revenues are derived primarily from operating transfers from other funds and state and Federal grants.

### ***PARK AND RECREATION DISTRICTS***

The Park and Recreation Districts' Capital Projects funds account for the financial resources and the acquisition and construction of recreational facilities within certain geographical areas of the County.

### ***JOINT POWERS AUTHORITIES***

The Joint Powers Authorities Capital Projects funds account for the financial resources and the acquisition and construction of facilities under joint powers agreements.

### ***COUNTY SERVICE AREAS***

The County Service Areas Capital Projects funds account for the financial resources and acquisition and construction of facilities within certain geographical areas of the County.

### ***FIRE PROTECTION DISTRICTS***

The Fire Protection Districts Capital Projects funds account for the financial resources and acquisition and construction of fire protection facilities within certain geographical areas of the County.

### ***REDEVELOPMENT AGENCY***

This fund is used to account for establishing one or more redevelopment projects areas of the County.

## PERMANENT FUNDS DESCRIPTIONS

**Barstow Cemetery Endowment Care Fund** - The Barstow Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

**Lucerne Valley Cemetery Endowment Care Fund** - The Lucerne Valley Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

**B.D. "Nino" Galleano Scholarship Fund** - The B.D. "Nino" Galleano Scholarship Fund accounts for all donations received to promote additional education in the conservation of natural resources. The fund is administered by the West End Resource Conservation District.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

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<u>ASSETS</u>	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>COUNTY FREE LIBRARY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>
CASH AND CASH EQUIVALENTS	\$ 249,123	\$ 24,547	\$ 730	\$ 19,197
ACCOUNTS RECEIVABLE - NET	434	138	-	-
TAXES RECEIVABLE	12,094	-	1,258	2
INTEREST RECEIVABLE	2	-	-	-
OTHER RECEIVABLES	87	-	87	-
DUE FROM OTHER FUNDS	7,628	755	383	122
DUE FROM OTHER GOVERNMENTS	11,917	1,508	-	-
INVENTORIES	933	315	-	-
PREPAID ITEMS	1,019	-	-	-
INTERFUND RECEIVABLE	150	150	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	2,066	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 285,453</b>	<b>\$ 27,413</b>	<b>\$ 2,458</b>	<b>\$ 19,321</b>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 16,533	\$ 2,271	\$ 72	\$ -
SALARIES AND BENEFITS PAYABLE	4,685	1,029	370	170
DUE TO OTHER FUNDS	8,662	148	6	431
DUE TO OTHER GOVERNMENTS	2,010	-	-	276
DEFERRED REVENUE	9,217	-	773	1
INTERFUND PAYABLE	400	-	-	-
<b>TOTAL LIABILITIES</b>	<b>41,507</b>	<b>3,448</b>	<b>1,221</b>	<b>878</b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	40,852	4,880	61	1,760
RESERVED FOR PREPAID ITEMS	1,000	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	453	450	-	-
RESERVED FOR INVENTORIES	933	315	-	-
OTHER RESERVES	144	3	6	1
UNRESERVED:				
UNDESIGNATED	200,564	18,317	1,170	16,682
<b>TOTAL FUND BALANCE</b>	<b>243,946</b>	<b>23,965</b>	<b>1,237</b>	<b>18,443</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 285,453</b>	<b>\$ 27,413</b>	<b>\$ 2,458</b>	<b>\$ 19,321</b>

See accompanying independent auditor's report.

<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>	<u>MICROGRAPHICS FEES</u>	<u>COUNTY SERVICE AREAS</u>	<u>ASSETS</u>
\$ 972	\$ 6	\$ 12,544	\$ 19,654	CASH AND CASH EQUIVALENTS
-	75	-	217	ACCOUNTS RECEIVABLE - NET
-	-	-	2,988	TAXES RECEIVABLE
-	-	-	-	INTEREST RECEIVABLE
-	-	-	-	OTHER RECEIVABLES
107	1	337	2,080	DUE FROM OTHER FUNDS
399	1,085	-	1,001	DUE FROM OTHER GOVERNMENTS
-	-	-	-	INVENTORIES
-	-	-	-	PREPAID ITEMS
-	-	-	-	INTERFUND RECEIVABLE
-	-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
<u>\$ 1,478</u>	<u>\$ 1,167</u>	<u>\$ 12,881</u>	<u>\$ 25,940</u>	TOTAL ASSETS
				<u>LIABILITIES AND FUND BALANCE</u>
\$ -	\$ 720	\$ 143	\$ 813	LIABILITIES:
-	380	-	1,638	ACCOUNTS PAYABLE
42	98	3	54	SALARIES AND BENEFITS PAYABLE
-	-	-	123	DUE TO OTHER FUNDS
-	-	-	1,837	DUE TO OTHER GOVERNMENTS
-	-	-	-	DEFERRED REVENUE
-	-	-	-	INTERFUND PAYABLE
<u>42</u>	<u>1,198</u>	<u>146</u>	<u>4,465</u>	TOTAL LIABILITIES
74	760	1,462	1,019	FUND BALANCE:
-	-	-	-	RESERVED:
-	-	-	3	RESERVED FOR ENCUMBRANCES
-	-	-	-	RESERVED FOR PREPAID ITEMS
-	3	-	39	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	-	-	-	RESERVED FOR INVENTORIES
-	-	-	-	OTHER RESERVES
1,362	(794)	11,273	20,414	UNRESERVED:
1,436	(31)	12,735	21,475	UNDESIGNATED
<u>\$ 1,478</u>	<u>\$ 1,167</u>	<u>\$ 12,881</u>	<u>\$ 25,940</u>	TOTAL FUND BALANCE
				TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2003 (IN THOUSANDS)

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<u>ASSETS</u>	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>FLOOD CONTROL DISTRICT</u>	<u>FIRE PROTECTION DISTRICTS</u>
CASH AND CASH EQUIVALENTS	\$ 154	\$ 25	\$ 64,573	\$ 2,221
ACCOUNTS RECEIVABLE - NET	-	-	4	-
TAXES RECEIVABLE	-	-	3,376	3,055
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	84	103	363	984
DUE FROM OTHER GOVERNMENTS	133	164	653	878
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	2,066	-
OTHER ASSETS	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 371</u></b>	<b><u>\$ 292</u></b>	<b><u>\$ 71,035</u></b>	<b><u>\$ 7,138</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 3,236	\$ -
SALARIES AND BENEFITS PAYABLE	-	-	471	28
DUE TO OTHER FUNDS	-	-	140	576
DUE TO OTHER GOVERNMENTS	-	-	1,250	98
DEFERRED REVENUE	-	-	3,260	1,878
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>8,357</u></b>	<b><u>2,580</u></b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	18,014	418
RESERVED FOR PREPAID ITEMS	-	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
OTHER RESERVES	-	-	-	2
UNRESERVED:				
UNDESIGNATED	371	292	44,664	4,138
<b>TOTAL FUND BALANCE</b>	<b><u>371</u></b>	<b><u>292</u></b>	<b><u>62,678</u></b>	<b><u>4,558</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 371</u></b>	<b><u>\$ 292</u></b>	<b><u>\$ 71,035</u></b>	<b><u>\$ 7,138</u></b>

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>
\$ 427	\$ 743	\$ 468	\$ 7,688
-	-	-	-
192	-	-	-
-	-	2	-
-	-	-	-
66	13	1	35
52	-	62	-
-	-	-	-
-	-	19	-
-	-	-	-
-	-	-	-
<u>\$ 737</u>	<u>\$ 756</u>	<u>\$ 552</u>	<u>\$ 7,723</u>
\$ 27	\$ -	\$ -	\$ 186
55	-	-	-
-	-	-	62
-	-	159	-
118	-	-	-
-	-	-	-
<u>200</u>	<u>-</u>	<u>159</u>	<u>248</u>
28	-	-	1,195
-	-	-	-
-	-	-	-
-	-	-	-
71	-	-	-
<u>438</u>	<u>756</u>	<u>393</u>	<u>6,280</u>
<u>537</u>	<u>756</u>	<u>393</u>	<u>7,475</u>
<u>\$ 737</u>	<u>\$ 756</u>	<u>\$ 552</u>	<u>\$ 7,723</u>

<u>ASSETS</u>
CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
TOTAL ASSETS

<u>LIABILITIES AND FUND BALANCE</u>
LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
DEFERRED REVENUE
INTERFUND PAYABLE
TOTAL LIABILITIES
FUND BALANCE:
RESERVED:
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR INVENTORIES
OTHER RESERVES
UNRESERVED:
UNDESIGNATED
TOTAL FUND BALANCE
TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2003 (IN THOUSANDS)

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<u>ASSETS</u>	COMMUNITY SERVICES DEPARTMENT	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS
CASH AND CASH EQUIVALENTS	\$ 1,270	\$ 400	\$ 95	\$ 10,583
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	-	-
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	3	3	179
DUE FROM OTHER GOVERNMENTS	2,370	-	2,335	441
INVENTORIES	618	-	-	-
PREPAID ITEMS	-	-	-	1,000
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 4,258</u></b>	<b><u>\$ 403</u></b>	<b><u>\$ 2,433</u></b>	<b><u>\$ 12,203</u></b>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 928	\$ -	\$ 2,231	\$ 992
SALARIES AND BENEFITS PAYABLE	250	-	-	21
DUE TO OTHER FUNDS	-	77	4	1,403
DUE TO OTHER GOVERNMENTS	-	-	104	-
DEFERRED REVENUE	598	-	-	-
INTERFUND PAYABLE	-	-	-	250
<b>TOTAL LIABILITIES</b>	<b><u>1,776</u></b>	<b><u>77</u></b>	<b><u>2,339</u></b>	<b><u>2,666</u></b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	395	3,303
RESERVED FOR PREPAID ITEMS	-	-	-	1,000
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR INVENTORIES	618	-	-	-
OTHER RESERVES	-	-	10	9
UNRESERVED:				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	-	-	-	-
UNDESIGNATED	1,864	326	(311)	5,225
<b>TOTAL FUND BALANCE</b>	<b><u>2,482</u></b>	<b><u>326</u></b>	<b><u>94</u></b>	<b><u>9,537</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 4,258</u></b>	<b><u>\$ 403</u></b>	<b><u>\$ 2,433</u></b>	<b><u>\$ 12,203</u></b>

See accompanying independent auditor's report.

<u>SPECIAL TRANSPORTATION</u>	<u>REDEVELOPMENT AGENCY</u>	<u>OTHER SPECIAL REVENUE</u>	<u>ASSETS</u>
\$ 18,663	\$ 10,152	\$ 54,011	CASH AND CASH EQUIVALENTS
-	-	-	ACCOUNTS RECEIVABLE - NET
976	-	247	TAXES RECEIVABLE
-	-	-	INTEREST RECEIVABLE
-	-	-	OTHER RECEIVABLES
105	399	1,505	DUE FROM OTHER FUNDS
515	90	231	DUE FROM OTHER GOVERNMENTS
-	-	-	INVENTORIES
-	-	-	PREPAID ITEMS
-	-	-	INTERFUND RECEIVABLE
-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
<u>\$ 20,259</u>	<u>\$ 10,641</u>	<u>\$ 55,994</u>	TOTAL ASSETS
			<u>LIABILITIES AND FUND BALANCE</u>
\$ 1,670	\$ 13	\$ 3,231	LIABILITIES:
-	13	260	ACCOUNTS PAYABLE
38	454	5,126	SALARIES AND BENEFITS PAYABLE
-	-	-	DUE TO OTHER FUNDS
600	-	152	DUE TO OTHER GOVERNMENTS
150	-	-	DEFERRED REVENUE
			INTERFUND PAYABLE
<u>2,458</u>	<u>480</u>	<u>8,769</u>	TOTAL LIABILITIES
5,277	-	2,206	FUND BALANCE:
-	-	-	RESERVED:
-	-	-	RESERVED FOR ENCUMBRANCES
-	-	-	RESERVED FOR PREPAID ITEMS
-	-	-	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	-	-	RESERVED FOR INVENTORIES
-	-	-	OTHER RESERVES
<u>12,524</u>	<u>10,161</u>	<u>45,019</u>	UNRESERVED:
			UNDESIGNATED
<u>17,801</u>	<u>10,161</u>	<u>47,225</u>	TOTAL FUND BALANCE
<u>\$ 20,259</u>	<u>\$ 10,641</u>	<u>\$ 55,994</u>	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

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	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>COUNTY FREE LIBRARY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>
REVENUES:				
TAXES	\$ 74,862	\$ -	\$ 7,735	\$ 17
LICENSES, PERMITS AND FRANCHISES	274	227	-	-
FINES, FORFEITURES AND PENALTIES	10,261	-	-	2
REVENUES FROM USE OF MONEY AND PROPERTY	10,226	750	-	777
AID FROM OTHER GOVERNMENTAL AGENCIES	171,781	32,156	1,711	17,327
CHARGES FOR CURRENT SERVICES	24,270	1,541	889	-
OTHER REVENUES	43,159	400	1,056	6,950
TOTAL REVENUES	<u>334,833</u>	<u>35,074</u>	<u>11,391</u>	<u>25,073</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,987	-	-	-
PUBLIC PROTECTION	105,984	-	-	-
PUBLIC WAYS AND FACILITIES	57,005	35,212	-	-
HEALTH AND SANITATION	5,183	-	-	-
PUBLIC ASSISTANCE	92,951	-	-	21,759
EDUCATION	10,990	-	10,990	-
RECREATION AND CULTURAL SERVICES	4,757	-	-	-
DEBT SERVICE:				
PRINCIPAL	2,474	646	43	-
INTEREST AND FISCAL CHARGES	346	234	31	-
CAPITAL OUTLAY	13,325	3,312	37	-
TOTAL EXPENDITURES	<u>298,002</u>	<u>39,404</u>	<u>11,101</u>	<u>21,759</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>36,831</u>	<u>(4,330)</u>	<u>290</u>	<u>3,314</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(40,951)	(627)	(624)	(1,175)
TRANSFERS FROM OTHER FUNDS	16,729	6,052	300	-
LONG-TERM DEBT PROCEEDS	-	-	-	-
PROCEEDS OF REFUNDING BONDS	-	-	-	-
PAYMENT TO REFUNDED BOND ESCROW	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,368	1,368	-	-
SALE OF CAPITAL ASSETS	1,014	225	4	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(21,840)</u>	<u>7,018</u>	<u>(320)</u>	<u>(1,175)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	14,991	2,688	(30)	2,139
FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)	228,955	21,277	1,267	16,304
FUND BALANCE, JUNE 30, 2003	<u>\$ 243,946</u>	<u>\$ 23,965</u>	<u>\$ 1,237</u>	<u>\$ 18,443</u>

See accompanying independent auditor's report.

<u>AGING AND ADULT SERVICES</u>	<u>JOB AND EMPLOYMENT SERVICES</u>	<u>MICROGRAPHICS FEES</u>	<u>COUNTY SERVICE AREAS</u>	
\$ -	\$ -	\$ -	\$ 18,177	REVENUES:
-	-	-	-	TAXES
-	-	-	44	LICENSES, PERMITS AND FRANCHISES
36	12	-	685	FINES, FORFEITURES AND PENALTIES
651	17,506	-	2,223	REVENUES FROM USE OF MONEY AND PROPERTY
-	4	4,198	7,807	AID FROM OTHER GOVERNMENTAL AGENCIES
9	75	-	4,840	CHARGES FOR CURRENT SERVICES
				OTHER REVENUES
<u>696</u>	<u>17,597</u>	<u>4,198</u>	<u>33,776</u>	TOTAL REVENUES
-	-	2,006	37	EXPENDITURES:
-	-	-	28,850	CURRENT:
-	-	-	1,373	GENERAL GOVERNMENT
675	17,715	-	-	PUBLIC PROTECTION
-	-	-	-	PUBLIC WAYS AND FACILITIES
-	-	-	-	HEALTH AND SANITATION
-	-	-	830	PUBLIC ASSISTANCE
-	-	-	484	EDUCATION
-	-	-	54	RECREATION AND CULTURAL SERVICES
37	19	683	2,426	DEBT SERVICE:
				PRINCIPAL
<u>712</u>	<u>17,734</u>	<u>2,689</u>	<u>34,054</u>	INTEREST AND FISCAL CHARGES
				CAPITAL OUTLAY
<u>(16)</u>	<u>(137)</u>	<u>1,509</u>	<u>(278)</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
(181)	(216)	(470)	(3,572)	OTHER FINANCING SOURCES (USES):
169	-	-	4,053	TRANSFERS TO OTHER FUNDS
-	-	-	-	TRANSFERS FROM OTHER FUNDS
-	-	-	-	LONG-TERM DEBT PROCEEDS
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	PAYMENT TO REFUNDED BOND ESCROW
-	-	-	-	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	21	SALE OF CAPITAL ASSETS
<u>(12)</u>	<u>(216)</u>	<u>(470)</u>	<u>502</u>	TOTAL OTHER FINANCING SOURCES (USES)
(28)	(353)	1,039	224	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
1,464	322	11,696	21,251	FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)
<u>\$ 1,436</u>	<u>\$ (31)</u>	<u>\$ 12,735</u>	<u>\$ 21,475</u>	FUND BALANCE, JUNE 30, 2003

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

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	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	FLOOD CONTROL DISTRICT	FIRE PROTECTION DISTRICTS
REVENUES:				
TAXES	\$ -	\$ -	\$ 21,629	\$ 18,528
LICENSES, PERMITS AND FRANCHISES	-	-	47	-
FINES, FORFEITURES AND PENALTIES	1,971	2,422	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	43	42	2,634	66
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	11,736	484
CHARGES FOR CURRENT SERVICES	-	-	(72)	3,005
OTHER REVENUES	5	7	803	643
TOTAL REVENUES	<u>2,019</u>	<u>2,471</u>	<u>36,777</u>	<u>22,726</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	34,830	21,402
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	1,295	-
INTEREST AND FISCAL CHARGES	-	-	27	-
CAPITAL OUTLAY	-	-	-	215
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>36,152</u>	<u>21,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,019</u>	<u>2,471</u>	<u>625</u>	<u>1,109</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(2,533)	(2,954)	(310)	(2,894)
TRANSFERS FROM OTHER FUNDS	-	-	-	1,595
LONG-TERM DEBT PROCEEDS	-	-	-	-
PROCEEDS OF REFUNDING BONDS	-	-	-	-
PAYMENT TO REFUNDED BOND ESCROW	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	181	4
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,533)</u>	<u>(2,954)</u>	<u>(129)</u>	<u>(1,295)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(514)	(483)	496	(186)
FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)	885	775	62,182	4,744
FUND BALANCE, JUNE 30, 2003	<u>\$ 371</u>	<u>\$ 292</u>	<u>\$ 62,678</u>	<u>\$ 4,558</u>

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>	
\$ 1,168	\$ -	\$ -	\$ -	REVENUES:
-	-	-	-	TAXES
1	-	-	-	LICENSES, PERMITS AND FRANCHISES
22	52	122	467	FINES, FORFEITURES AND PENALTIES
51	3,557	-	4,640	REVENUES FROM USE OF MONEY AND PROPERTY
593	-	24	(200)	AID FROM OTHER GOVERNMENTAL AGENCIES
11	(1)	8	(6)	CHARGES FOR CURRENT SERVICES
				OTHER REVENUES
<u>1,846</u>	<u>3,608</u>	<u>154</u>	<u>4,901</u>	TOTAL REVENUES
				EXPENDITURES:
-	-	161	-	CURRENT:
-	-	-	-	GENERAL GOVERNMENT
-	-	-	1,002	PUBLIC PROTECTION
	3,674	187	-	PUBLIC WAYS AND FACILITIES
-	-	-	-	HEALTH AND SANITATION
-	-	-	-	PUBLIC ASSISTANCE
1,756	-	-	-	EDUCATION
-	-	-	-	RECREATION AND CULTURAL SERVICES
-	-	-	-	DEBT SERVICE:
-	-	-	-	PRINCIPAL
67	-	-	3,662	INTEREST AND FISCAL CHARGES
				CAPITAL OUTLAY
<u>1,823</u>	<u>3,674</u>	<u>348</u>	<u>4,664</u>	TOTAL EXPENDITURES
<u>23</u>	<u>(66)</u>	<u>(194)</u>	<u>237</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
(17)	-	-	(54)	OTHER FINANCING SOURCES (USES):
-	-	2	-	TRANSFERS TO OTHER FUNDS
-	-	-	-	TRANSFERS FROM OTHER FUNDS
-	-	-	-	LONG-TERM DEBT PROCEEDS
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	PAYMENT TO REFUNDED BOND ESCROW
-	-	-	-	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	-	SALE OF CAPITAL ASSETS
<u>(17)</u>	<u>-</u>	<u>2</u>	<u>(54)</u>	TOTAL OTHER FINANCING SOURCES (USES)
6	(66)	(192)	183	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
531	822	585	7,292	FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)
<u>\$ 537</u>	<u>\$ 756</u>	<u>\$ 393</u>	<u>\$ 7,475</u>	FUND BALANCE, JUNE 30, 2003

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

PAGE 3 OF 3

	COMMUNITY SERVICES DEPARTMENT	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	16
REVENUES FROM USE OF MONEY AND PROPERTY	3	17	14	280
AID FROM OTHER GOVERNMENTAL AGENCIES	11,887	217	37,285	6,805
CHARGES FOR CURRENT SERVICES	-	-	-	2,756
OTHER REVENUES	790	16	10	1,977
TOTAL REVENUES	<u>12,680</u>	<u>250</u>	<u>37,309</u>	<u>11,834</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	451	-	10,608
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	12,165	-	36,808	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	6
INTEREST AND FISCAL CHARGES	-	-	-	-
CAPITAL OUTLAY	-	-	488	2,173
TOTAL EXPENDITURES	<u>12,165</u>	<u>451</u>	<u>37,296</u>	<u>12,787</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>515</u>	<u>(201)</u>	<u>13</u>	<u>(953)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	-	-	(185)	(654)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	-	-	-	-
LONG-TERM DEBT PROCEEDS	-	-	-	-
PROCEEDS OF REFUNDING BONDS	-	-	-	-
PAYMENT TO REFUNDED BOND ESCROW	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	579
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(185)</u>	<u>(75)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	515	(201)	(172)	(1,028)
FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)	1,967	527	266	10,565
FUND BALANCE, JUNE 30, 2003	<u>\$ 2,482</u>	<u>\$ 326</u>	<u>\$ 94</u>	<u>\$ 9,537</u>

See accompanying independent auditor's report.

SPECIAL TRANSPORTATION	REDEVELOPMENT AGENCY	OTHER SPECIAL REVENUE	
\$ 5,925	\$ 175	\$ 1,508	REVENUES:
-	-	-	TAXES
-	-	5,805	LICENSES, PERMITS AND FRANCHISES
587	264	3,353	FINES, FORFEITURES AND PENALTIES
5,595	-	17,950	REVENUES FROM USE OF MONEY AND PROPERTY
1,181	-	2,544	AID FROM OTHER GOVERNMENTAL AGENCIES
2,089	-	23,477	CHARGES FOR CURRENT SERVICES
			OTHER REVENUES
<u>15,377</u>	<u>439</u>	<u>54,637</u>	TOTAL REVENUES
			EXPENDITURES:
			CURRENT:
-	727	2,056	GENERAL GOVERNMENT
-	-	9,843	PUBLIC PROTECTION
18,896	-	522	PUBLIC WAYS AND FACILITIES
-	-	1,322	HEALTH AND SANITATION
-	-	3,829	PUBLIC ASSISTANCE
-	-	-	EDUCATION
-	-	2,171	RECREATION AND CULTURAL SERVICES
-	-	-	DEBT SERVICE:
-	-	-	PRINCIPAL
-	-	-	INTEREST AND FISCAL CHARGES
-	-	206	CAPITAL OUTLAY
<u>18,896</u>	<u>727</u>	<u>19,949</u>	TOTAL EXPENDITURES
<u>(3,519)</u>	<u>(288)</u>	<u>34,688</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
			OTHER FINANCING SOURCES (USES):
(9)	(41)	(24,435)	TRANSFERS TO OTHER FUNDS
-	2,527	2,031	TRANSFERS FROM OTHER FUNDS
-	-	-	LONG-TERM DEBT PROCEEDS
-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	PAYMENT TO REFUNDED BOND ESCROW
-	-	-	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	SALE OF CAPITAL ASSETS
<u>(9)</u>	<u>2,486</u>	<u>(22,404)</u>	TOTAL OTHER FINANCING SOURCES (USES)
(3,528)	2,198	12,284	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
21,329	7,963	34,941	FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)
<u>\$ 17,801</u>	<u>\$ 10,161</u>	<u>\$ 47,225</u>	FUND BALANCE, JUNE 30, 2003

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY BONDS</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
CASH AND CASH EQUIVALENTS	\$ 38,948	\$ 970	\$ 5,418	\$ 32,560
INVESTMENTS	9,675	1,659	8,016	-
INTEREST RECEIVABLE	151	-	151	-
DUE FROM OTHER FUNDS	<u>173</u>	<u>173</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 48,947</u>	<u>\$ 2,802</u>	<u>\$ 13,585</u>	<u>\$ 32,560</u>
 <u>LIABILITIES AND FUND BALANCE</u>  				
LIABILITIES:	_____	_____	_____	_____
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:				
RESERVED FOR DEBT SERVICE	<u>48,947</u>	<u>2,802</u>	<u>13,585</u>	<u>32,560</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 48,947</u>	<u>\$ 2,802</u>	<u>\$ 13,585</u>	<u>\$ 32,560</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY BONDS</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES:				
TAXES	\$ 4,049	\$ 4,049	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	860	125	735	-
OTHER REVENUES	<u>2,348</u>	<u>-</u>	<u>204</u>	<u>2,144</u>
TOTAL REVENUES	<u>7,257</u>	<u>4,174</u>	<u>939</u>	<u>2,144</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	92,395	270	81,320	10,805
INTEREST	<u>26,853</u>	<u>1,321</u>	<u>9,508</u>	<u>16,024</u>
TOTAL EXPENDITURES	<u>119,248</u>	<u>1,591</u>	<u>90,828</u>	<u>26,829</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(111,991)</u>	<u>2,583</u>	<u>(89,889)</u>	<u>(24,685)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(3,277)	(2,489)	(788)	-
TRANSFERS FROM OTHER FUNDS	63,042	-	22,366	40,676
PROCEEDS OF REFUNDING BONDS	<u>63,791</u>	<u>-</u>	<u>63,791</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,556</u>	<u>(2,489)</u>	<u>85,369</u>	<u>40,676</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	11,565	94	(4,520)	15,991
FUND BALANCE, JULY 1, 2002	<u>37,382</u>	<u>2,708</u>	<u>18,105</u>	<u>16,569</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ 48,947</u>	<u>\$ 2,802</u>	<u>\$ 13,585</u>	<u>\$ 32,560</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
CASH AND CASH EQUIVALENTS	\$ 25,666	\$ 10,204	\$ 20
ACCOUNTS RECEIVABLE - NET	1,663	1,663	-
DUE FROM OTHER FUNDS (NOTE 7)	8,540	8,482	-
DUE FROM OTHER GOVERNMENTS	11,252	11,252	-
OTHER ASSETS	39	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 47,160</u></b>	<b><u>\$ 31,601</u></b>	<b><u>\$ 20</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>  			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 5,838	\$ 3,935	\$ -
DUE TO OTHER FUNDS	189	151	-
<b>TOTAL LIABILITIES</b>	<b><u>6,027</u></b>	<b><u>4,086</u></b>	<b><u>-</u></b>
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	6,235	5,119	-
UNRESERVED, UNDESIGNATED	34,898	22,396	20
<b>TOTAL FUND BALANCE</b>	<b><u>41,133</u></b>	<b><u>27,515</u></b>	<b><u>20</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 47,160</u></b>	<b><u>\$ 31,601</u></b>	<b><u>\$ 20</u></b>

See accompanying independent auditor's report.

<u>JOINT POWERS AUTHORITIES</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>REDEVELOPMENT AGENCY</u>	<u>ASSETS</u>
\$ 4,383	\$ 3,575	\$ 16	\$ 7,468	CASH AND CASH EQUIVALENTS
-	-	-	-	ACCOUNTS RECEIVABLE - NET
-	16	-	42	DUE FROM OTHER FUNDS
-	-	-	-	DUE FROM OTHER GOVERNMENTS
-	39	-	-	OTHER ASSETS
<u>\$ 4,383</u>	<u>\$ 3,630</u>	<u>\$ 16</u>	<u>\$ 7,510</u>	TOTAL ASSETS
				<u>LIABILITIES AND FUND BALANCE</u>
\$ 1,663	\$ 240	\$ -	\$ -	LIABILITIES:
-	-	-	38	ACCOUNTS PAYABLE
				DUE TO OTHER FUNDS
<u>1,663</u>	<u>240</u>	<u>-</u>	<u>38</u>	TOTAL LIABILITIES
-	1,116	-	-	FUND BALANCE:
<u>2,720</u>	<u>2,274</u>	<u>16</u>	<u>7,472</u>	RESERVED FOR ENCUMBRANCES
				UNRESERVED, UNDESIGNATED
<u>2,720</u>	<u>3,390</u>	<u>16</u>	<u>7,472</u>	TOTAL FUND BALANCE
<u>\$ 4,383</u>	<u>\$ 3,630</u>	<u>\$ 16</u>	<u>\$ 7,510</u>	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	650	219	1
AID FROM OTHER GOVERNMENTAL AGENCIES	14,780	14,780	-
CHARGES FOR CURRENT SERVICES	272	223	-
OTHER REVENUES	308	3	-
TOTAL REVENUES	<u>16,010</u>	<u>15,225</u>	<u>1</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>39,555</u>	<u>34,998</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,545)</u>	<u>(19,773)</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(855)	(807)	-
TRANSFERS FROM OTHER FUNDS	22,841	19,356	-
SALE OF CAPITAL ASSETS	1,177	1,177	-
OTHER	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,163</u>	<u>19,726</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(382)</u>	<u>(47)</u>	<u>(1)</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED	<u>41,515</u>	<u>27,562</u>	<u>21</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ 41,133</u>	<u>\$ 27,515</u>	<u>\$ 20</u>

See accompanying independent auditor's report.

<u>JOINT POWERS AUTHORITIES</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>REDEVELOPMENT AGENCY</u>
\$ -	\$ -	\$ -	\$ -
141	70	1	218
-	-	-	-
-	49	-	-
-	302	-	3
<u>141</u>	<u>421</u>	<u>1</u>	<u>221</u>
<u>1,663</u>	<u>2,699</u>	<u>43</u>	<u>150</u>
<u>(1,522)</u>	<u>(2,278)</u>	<u>(42)</u>	<u>71</u>
-	(35)	(13)	-
-	3,442	43	-
-	-	-	-
<u>-</u>	<u>3,407</u>	<u>30</u>	<u>-</u>
(1,522)	1,129	(12)	71
4,242	2,261	28	7,401
<u>\$ 2,720</u>	<u>\$ 3,390</u>	<u>\$ 16</u>	<u>\$ 7,472</u>

REVENUES:

TAXES  
REVENUES FROM USE OF MONEY AND PROPERTY  
AID FROM OTHER GOVERNMENTAL AGENCIES  
CHARGES FOR CURRENT SERVICES  
OTHER REVENUES

TOTAL REVENUES

EXPENDITURES:

CAPITAL OUTLAY

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

OTHER FINANCING SOURCES (USES):

TRANSFERS TO OTHER FUNDS  
TRANSFERS FROM OTHER FUNDS  
SALE OF CAPITAL ASSETS

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES  
AND OTHER FINANCING SOURCES OVER  
EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE, JULY 1, 2002

FUND BALANCE, JUNE 30, 2003

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

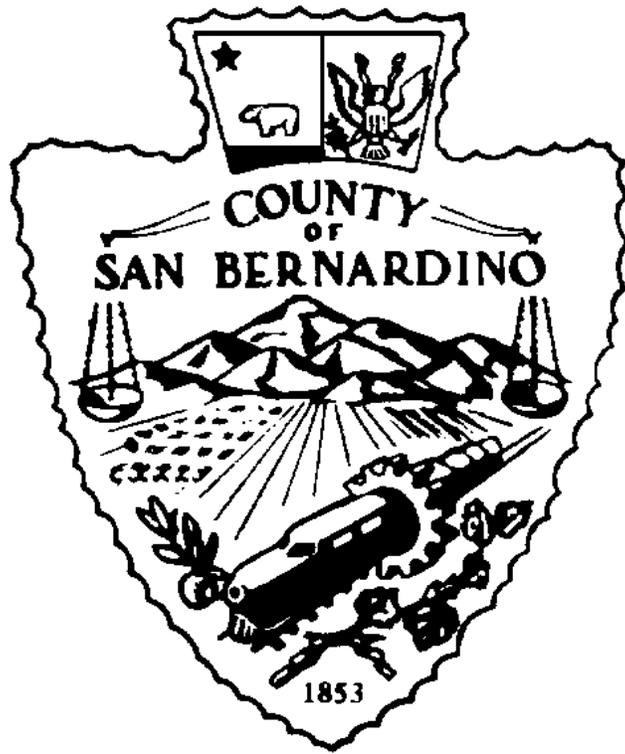
<u>ASSETS</u>	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>B.D. 'NIÑO' GALLEANO SCHOLARSHIP FUND</u>
CASH AND CASH EQUIVALENTS	\$ 512	\$ 439	\$ 73	\$ -
DUE FROM OTHER FUNDS	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 514</u>	<u>\$ 441</u>	<u>\$ 73</u>	<u>\$ -</u>
<u>FUND BALANCE</u>				
FUND BALANCE:				
RESERVED FOR ENDOWMENTS	\$ 514	\$ 441	\$ 73	\$ -
TOTAL FUND BALANCE	<u>514</u>	<u>441</u>	<u>73</u>	<u>-</u>
TOTAL FUND BALANCE	<u>\$ 514</u>	<u>\$ 441</u>	<u>\$ 73</u>	<u>\$ -</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 PERMANENT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>B.D. 'NIÑO' GALLEANO SCHOLARSHIP FUND</u>
REVENUES:				
REVENUES FROM USE OF MONEY & PROPERTY	\$ 16	\$ 15	\$ 1	\$ -
OTHER REVENUES	<u>26</u>	<u>26</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>42</u>	<u>41</u>	<u>1</u>	<u>-</u>
EXPENDITURES:				
CURRENT:				
EDUCATION	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL EXPENDITURES	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39	41	1	(3)
FUND BALANCE, JULY 1, 2002	<u>475</u>	<u>400</u>	<u>72</u>	<u>3</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ 514</u>	<u>\$ 441</u>	<u>\$ 73</u>	<u>\$ -</u>

See accompanying independent auditor's report.





**COMBINING  
FINANCIAL  
STATEMENTS  
NONMAJOR  
ENTERPRISE FUNDS**

## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

### ***CRESTLINE SANITATION DISTRICT***

The Crestline Sanitation District provides sewage collection, treatment and disposal service for 5,040 equivalent dwelling units. Three treatment plants and 100 miles of sewer lines are maintained. User fees are the principal source of revenue.

### ***COUNTY SERVICE AREAS***

The County Service Areas Enterprise Funds account for water and sewer facilities within certain geographical areas of the County. User fees are the principal source of revenue.

### ***FIRE PROTECTION DISTRICTS – AMBULANCE***

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. User fees are the principal source of revenue.

### ***ULTRASCREEN THEATER***

The Ultrascreen Theater, a component unit of the County of San Bernardino, is a new state-of-the-art large screen facility operated in partnership with Ogden Entertainment Services and features educational films for schools and the general public.

### ***OTHER ENTERPRISE***

The Other Enterprise Funds account for the Museum Gift Shop, and Regional Parks Snack Bar operations. Sales are the principal source of revenue.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 32,170	\$ 6,158	\$ 25,423
ACCOUNTS RECEIVABLE - NET	2,320	261	1,842
TAXES RECEIVABLE	-	-	-
OTHER RECEIVABLES	-	-	-
DUE FROM OTHER FUNDS	312	91	217
DUE FROM OTHER GOVERNMENTS	446	147	286
INVENTORIES	136	-	-
TOTAL CURRENT ASSETS	<u>35,384</u>	<u>6,657</u>	<u>27,768</u>
NONCURRENT ASSETS			
LAND, STRUCTURES AND IMPROVEMENTS	103,553	21,975	81,578
EQUIPMENT	3,518	1,370	1,597
ACCUMULATED DEPRECIATION AND AMORTIZATION	(48,934)	(13,892)	(34,730)
CONSTRUCTION IN PROGRESS	3,582	566	3,016
TOTAL NONCURRENT ASSETS	<u>61,719</u>	<u>10,019</u>	<u>51,461</u>
TOTAL ASSETS	<u>\$ 97,103</u>	<u>\$ 16,676</u>	<u>\$ 79,229</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,179	\$ 105	\$ 1,074
SALARIES AND BENEFITS PAYABLE	63	58	-
DUE TO OTHER FUNDS	80	1	62
INTEREST PAYABLE	74	-	74
DEFERRED REVENUE	14	-	14
TOTAL CURRENT LIABILITIES	<u>1,410</u>	<u>164</u>	<u>1,224</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	-	-	-
EMPLOYEE COMPENSATED ABSENCES	96	87	-
BONDS AND NOTES PAYABLE	5,387	1,417	3,970
TOTAL NONCURRENT LIABILITIES	<u>5,483</u>	<u>1,504</u>	<u>3,970</u>
TOTAL LIABILITIES	<u>6,893</u>	<u>1,668</u>	<u>5,194</u>
NET ASSETS:			
UNRESERVED	<u>90,210</u>	<u>15,008</u>	<u>74,035</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 97,103</u>	<u>\$ 16,676</u>	<u>\$ 79,229</u>

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	ULTRASCREEN THEATER	OTHER ENTERPRISE
\$ 409	\$ -	\$ 180
217	-	-
-	-	-
-	-	-
4	-	-
-	-	13
-	-	136
<u>630</u>	<u>-</u>	<u>329</u>
-	-	-
551	-	-
(312)	-	-
-	-	-
<u>239</u>	<u>-</u>	<u>-</u>
<u>\$ 869</u>	<u>\$ -</u>	<u>\$ 329</u>

\$ -	\$ -	\$ -
-	-	5
2	-	15
-	-	-
-	-	-
<u>2</u>	<u>-</u>	<u>20</u>
-	-	-
-	-	9
-	-	-
<u>-</u>	<u>-</u>	<u>9</u>
<u>2</u>	<u>-</u>	<u>29</u>
<u>867</u>	<u>-</u>	<u>300</u>
<u>\$ 869</u>	<u>\$ -</u>	<u>\$ 329</u>

**ASSETS**

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS  
ACCOUNTS RECEIVABLE - NET  
TAXES RECEIVABLE  
OTHER RECEIVABLES  
DUE FROM OTHER FUNDS  
DUE FROM OTHER GOVERNMENTS  
INVENTORIES  
TOTAL CURRENT ASSETS

NONCURRENT ASSETS:

LAND, STRUCTURES AND IMPROVEMENTS  
EQUIPMENT  
ACCUMULATED DEPRECIATION AND AMORTIZATION  
CONSTRUCTION IN PROGRESS  
TOTAL NONCURRENT ASSETS

TOTAL ASSETS

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

ACCOUNTS PAYABLE  
SALARIES AND BENEFITS PAYABLE  
DUE TO OTHER FUNDS  
INTEREST PAYABLE  
DEFERRED REVENUE  
TOTAL CURRENT LIABILITIES

NONCURRENT LIABILITIES:

INTERFUND PAYABLE  
EMPLOYEE COMPENSATED ABSENCES  
BONDS AND NOTES PAYABLE  
TOTAL NONCURRENT LIABILITIES

TOTAL LIABILITIES

NET ASSETS:  
UNRESERVED

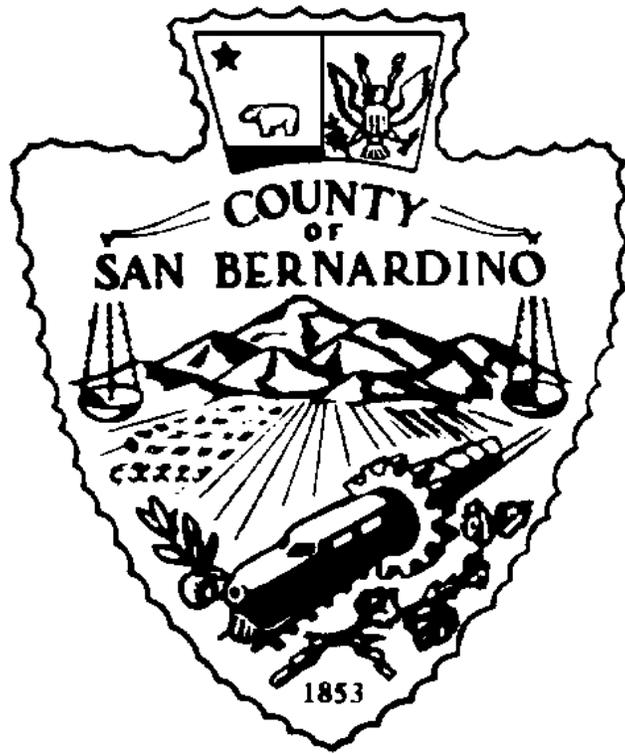
TOTAL LIABILITIES AND NET ASSETS

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 17,031	\$ 1,552	\$ 13,387
OTHER	-	-	-
TOTAL OPERATING REVENUES	<u>17,031</u>	<u>1,552</u>	<u>13,387</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,303	74	1,135
SALARIES AND EMPLOYEE BENEFITS	6,299	1,233	4,900
SELF-INSURED CLAIMS	1	-	-
SERVICES AND SUPPLIES	7,971	582	6,057
DEPRECIATION AND AMORTIZATION	2,604	516	2,008
OTHER	323	-	308
TOTAL OPERATING EXPENSES	<u>18,501</u>	<u>2,405</u>	<u>14,408</u>
OPERATING INCOME (LOSS)	<u>(1,470)</u>	<u>(853)</u>	<u>(1,021)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	854	165	659
INTEREST EXPENSE	(251)	(26)	(225)
TAX REVENUE	4,301	938	3,363
GRANT REVENUE	235	169	66
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(8)	-	(8)
OTHER NONOPERATING REVENUES	1,051	1	617
OTHER NONOPERATING EXPENSES	(2,071)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,111</u>	<u>1,247</u>	<u>4,472</u>
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	2,641	394	3,451
TRANSFERS TO OTHER FUNDS	(2,222)	(43)	(928)
TRANSFERS FROM OTHER FUNDS	189	-	-
CHANGE IN NET ASSETS (DEFICIT)	608	351	2,523
TOTAL NET ASSETS (DEFICIT), JULY 1, 2002, AS RESTATED, (NOTE 3)	<u>89,602</u>	<u>14,657</u>	<u>71,512</u>
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003	<u>\$ 90,210</u>	<u>\$ 15,008</u>	<u>\$ 74,035</u>

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	ULTRASCREEN THEATER	OTHER ENTERPRISE	
\$ 2,092	\$ -	\$ -	OPERATING REVENUES:
-	-	-	CHARGES FOR CURRENT SERVICES
-	-	-	OTHER
<u>2,092</u>	<u>-</u>	<u>-</u>	TOTAL OPERATING REVENUES
93	-	1	OPERATING EXPENSES:
61	1	104	PROFESSIONAL SERVICES
1	-	-	SALARIES AND EMPLOYEE BENEFITS
1,209	-	123	SELF-INSURED CLAIMS
78	2	-	SERVICES AND SUPPLIES
-	-	15	DEPRECIATION AND AMORTIZATION
-	-	-	OTHER
<u>1,442</u>	<u>3</u>	<u>243</u>	TOTAL OPERATING EXPENSES
<u>650</u>	<u>(3)</u>	<u>(243)</u>	OPERATING INCOME (LOSS)
23	7	-	NONOPERATING REVENUES (EXPENSES):
-	-	-	INTEREST REVENUE
-	-	-	INTEREST EXPENSE
-	-	-	TAX REVENUE
-	-	-	GRANT REVENUE
1	-	-	GAIN (LOSS) ON SALE OF CAPITAL ASSETS
-	110	322	OTHER NONOPERATING REVENUES
-	(2,071)	-	OTHER NONOPERATING EXPENSES
<u>24</u>	<u>(1,954)</u>	<u>322</u>	TOTAL NONOPERATING REVENUES (EXPENSES)
674	(1,957)	79	CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS
(1,250)	-	(1)	TRANSFERS TO OTHER FUNDS
-	189	-	TRANSFERS FROM OTHER FUNDS
<u>(576)</u>	<u>(1,768)</u>	<u>78</u>	CHANGE IN NET ASSETS (DEFICIT)
<u>1,443</u>	<u>1,768</u>	<u>222</u>	TOTAL NET ASSETS (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)
<u>\$ 867</u>	<u>\$ -</u>	<u>\$ 300</u>	TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003





**COMBINING  
FINANCIAL  
STATEMENTS  
INTERNAL  
SERVICES FUNDS**

## **INTERNAL SERVICE FUNDS DESCRIPTIONS**

### ***GENERAL SERVICES GROUP***

The General Services Agency Fund accounts for the County's Printing Services, Records Management and Central Mail Services departments. Services which are available to all County departments and special districts are financed by user fees for services provided.

### ***TELEPHONE SERVICES***

The Telephone Services Fund accounts for Countywide telephone operations including related hardware, software, communication facilities, and a network of microwave sites.

### ***COMPUTER OPERATIONS***

The Computer Operations Fund accounts for 24-hour-per-day, Countywide data processing services including data entry, report distribution and distributed data processing with technical support.

### ***VEHICLE SERVICES***

The Vehicle Services Fund includes both the County Garage and Motor Pool. The Fund accounts for vehicle rental services to all County departments, and maintenance and repair services to the County's vehicle and heavy equipment fleet.

### ***RISK MANAGEMENT***

The Risk Management Fund accounts for the County's self-insured worker's compensation, public liability, property conservation and safety programs which are provided to all County departments and special districts.

### ***FLOOD CONTROL EQUIPMENT***

The Flood Control Equipment Fund accounts for heavy equipment rental and maintenance services provided to each of the six flood control zones within various geographical regions of the County.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELEPHONE SERVICES</u>	<u>COMPUTER OPERATIONS</u>
<b>CURRENT ASSETS:</b>				
CASH AND CASH EQUIVALENTS	\$ 76,927	\$ 1,501	\$ 3,021	\$ 11,737
ACCOUNTS RECEIVABLE - NET	1,716	-	60	-
INTEREST RECEIVABLE	173	-	-	-
DUE FROM OTHER FUNDS	582	20	-	3
DUE FROM OTHER GOVERNMENTS	458	16	384	14
INVENTORIES	1,425	350	248	-
PREPAID ITEMS	1,794	647	-	-
TOTAL CURRENT ASSETS	<u>83,075</u>	<u>2,534</u>	<u>3,713</u>	<u>11,754</u>
<b>NONCURRENT ASSETS:</b>				
DEFERRED CHARGES	48	-	-	-
INTERFUND RECEIVABLE	-	-	-	-
LAND, STRUCTURES AND IMPROVEMENTS	7,049	-	1,445	-
EQUIPMENT	52,243	1,060	15,702	7,630
ACCUMULATED DEPRECIATION AND AMORTIZATION	(39,519)	(828)	(13,089)	(5,078)
TOTAL NONCURRENT ASSETS	<u>19,821</u>	<u>232</u>	<u>4,058</u>	<u>2,552</u>
<b>TOTAL ASSETS</b>	<u>\$ 102,896</u>	<u>\$ 2,766</u>	<u>\$ 7,771</u>	<u>\$ 14,306</u>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
ACCOUNTS PAYABLE	\$ 2,476	\$ 646	\$ 749	\$ 323
SALARIES AND BENEFITS PAYABLE	1,356	127	323	435
DUE TO OTHER FUNDS	1,760	-	5	16
DEFERRED REVENUE	360	360	-	-
TOTAL CURRENT LIABILITIES	<u>5,952</u>	<u>1,133</u>	<u>1,077</u>	<u>774</u>
<b>NONCURRENT LIABILITIES:</b>				
INTERFUND PAYABLE	25	-	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	93,802	-	-	-
EMPLOYEE COMPENSATED ABSENCES	2,553	174	718	855
CAPITAL LEASE OBLIGATIONS	1,744	117	1,048	482
TOTAL NONCURRENT LIABILITIES	<u>98,124</u>	<u>291</u>	<u>1,766</u>	<u>1,337</u>
<b>TOTAL LIABILITIES</b>	<u>104,076</u>	<u>1,424</u>	<u>2,843</u>	<u>2,111</u>
<b>NET ASSETS:</b>				
RESERVED - VEHICLE/EQUIPMENT REPLACEMENT	7,966	-	1,052	509
UNRESERVED	(9,146)	1,342	3,876	11,686
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>(1,180)</u>	<u>1,342</u>	<u>4,928</u>	<u>12,195</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 102,896</u>	<u>\$ 2,766</u>	<u>\$ 7,771</u>	<u>\$ 14,306</u>

See accompanying independent auditor's report.

VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
\$ 11,997	\$ 46,730	\$ 1,941
148	1,456	52
-	173	-
289	261	9
44	-	-
827	-	-
-	1,147	-
<u>13,305</u>	<u>49,767</u>	<u>2,002</u>
-	48	-
-	-	-
5,604	-	-
17,911	162	9,778
(15,708)	(120)	(4,696)
<u>7,807</u>	<u>90</u>	<u>5,082</u>
<u>\$ 21,112</u>	<u>\$ 49,857</u>	<u>\$ 7,084</u>
\$ 723	\$ 34	\$ 1
277	193	1
611	1,095	33
-	-	-
<u>1,611</u>	<u>1,322</u>	<u>35</u>
-	25	-
-	93,802	-
523	283	-
-	-	-
-	-	97
<u>523</u>	<u>94,110</u>	<u>97</u>
<u>2,134</u>	<u>95,432</u>	<u>132</u>
6,405	-	-
-	-	-
<u>12,573</u>	<u>(45,575)</u>	<u>6,952</u>
<u>18,978</u>	<u>(45,575)</u>	<u>6,952</u>
<u>\$ 21,112</u>	<u>\$ 49,857</u>	<u>\$ 7,084</u>

**ASSETS**

CURRENT ASSETS:
CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
INTEREST RECEIVABLE
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
TOTAL CURRENT ASSETS
NONCURRENT ASSETS:
DEFERRED CHARGES
INTERFUND RECEIVABLE
LAND, STRUCTURES AND IMPROVEMENTS
EQUIPMENT
ACCUMULATED DEPRECIATION AND AMORTIZATION
TOTAL NONCURRENT ASSETS
TOTAL ASSETS

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DEFERRED REVENUE
TOTAL CURRENT LIABILITIES
NONCURRENT LIABILITIES:
INTERFUND PAYABLE
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS
EMPLOYEE COMPENSATED ABSENCES
BONDS AND NOTES PAYABLE
CAPITAL LEASE OBLIGATIONS
TOTAL NONCURRENT LIABILITIES
TOTAL LIABILITIES
NET ASSETS
CONTRIBUTED CAPITAL
RETAINED EARNINGS:
RESERVED - VEHICLE/EQUIPMENT REPLACEMENT
RESERVED - CAPITAL IMPROVEMENTS
UNRESERVED
TOTAL NET ASSETS (DEFICIT)
TOTAL LIABILITIES AND NET ASSETS

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

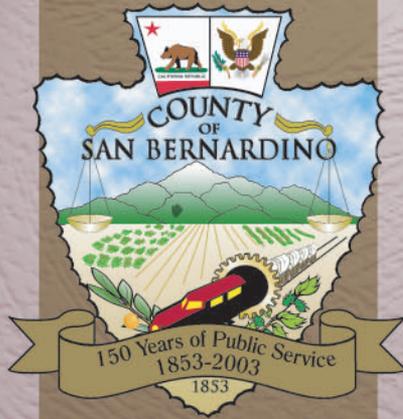
	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 125,714	\$ 18,233	\$ 20,180	\$ 18,103
TOTAL OPERATING REVENUES	<u>125,714</u>	<u>18,233</u>	<u>20,180</u>	<u>18,103</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	5,111	735	599	1,892
SALARIES AND EMPLOYEE BENEFITS	25,349	2,336	6,172	8,098
SELF-INSURED CLAIMS	31,651	-	-	-
SERVICES AND SUPPLIES	58,471	15,747	10,969	6,649
DEPRECIATION AND AMORTIZATION	5,332	112	1,839	686
OTHER	98	-	-	-
TOTAL OPERATING EXPENSES	<u>126,012</u>	<u>18,930</u>	<u>19,579</u>	<u>17,325</u>
OPERATING INCOME (LOSS)	<u>(298)</u>	<u>(697)</u>	<u>601</u>	<u>778</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUE	2,663	-	-	-
INTEREST EXPENSE	(94)	(10)	(59)	(19)
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	185	-	-	(14)
OTHER NONOPERATING REVENUES	250	250	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,004</u>	<u>240</u>	<u>(59)</u>	<u>(33)</u>
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	2,706	(457)	542	745
TRANSFERS TO OTHER FUNDS	(3,267)	(87)	(2,553)	(301)
OPERATING TRANSFERS FROM OTHER FUNDS (NOTE 7)	<u>3,092</u>	<u>-</u>	<u>23</u>	<u>3,069</u>
CHANGE IN NET ASSETS (DEFICIT)	2,531	(544)	(1,988)	3,513
NET ASSETS (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)	<u>(3,711)</u>	<u>1,886</u>	<u>6,916</u>	<u>8,682</u>
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003	<u>\$ (1,180)</u>	<u>\$ 1,342</u>	<u>\$ 4,928</u>	<u>\$ 12,195</u>

See accompanying independent auditor's report.

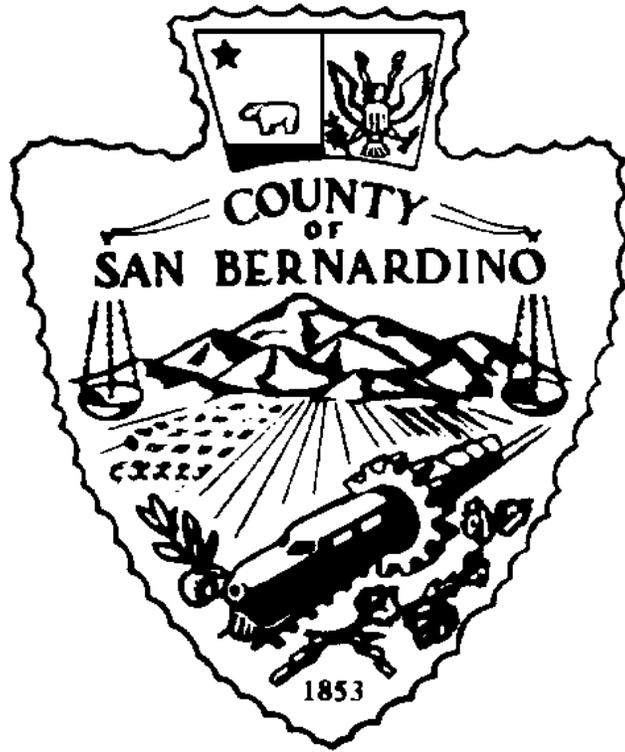
<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>	
\$ 24,310	\$ 42,832	\$ 2,056	OPERATING REVENUES:
<u>24,310</u>	<u>42,832</u>	<u>2,056</u>	CHARGES FOR CURRENT SERVICES
			TOTAL OPERATING REVENUES
562	1,322	1	OPERATING EXPENSES:
5,184	3,523	36	PROFESSIONAL SERVICES
-	31,651	-	SALARIES AND EMPLOYEE BENEFITS
14,654	9,400	1,052	SELF-INSURED CLAIMS
1,770	105	820	SERVICES AND SUPPLIES
-	98	-	DEPRECIATION AND AMORTIZATION
<u>22,170</u>	<u>46,099</u>	<u>1,909</u>	OTHER
<u>2,140</u>	<u>(3,267)</u>	<u>147</u>	TOTAL OPERATING EXPENSES
			OPERATING INCOME (LOSS)
281	2,326	56	NONOPERATING REVENUES (EXPENSES):
-	-	(6)	INTEREST REVENUE
180	-	19	INTEREST EXPENSE
-	-	-	GAIN (LOSS) ON SALE OF CAPITAL ASSETS
<u>461</u>	<u>2,326</u>	<u>69</u>	OTHER NONOPERATING REVENUES
2,601	(941)	216	TOTAL NONOPERATING REVENUES (EXPENSES)
(199)	(127)	-	CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS
<u>-</u>	<u>-</u>	<u>-</u>	TRANSFERS TO OTHER FUNDS
2,402	(1,068)	216	OPERATING TRANSFERS FROM OTHER FUNDS (NOTE 7)
16,576	(44,507)	6,736	CHANGE IN NET ASSETS (DEFICIT)
<u>\$ 18,978</u>	<u>\$ (45,575)</u>	<u>\$ 6,952</u>	TOTAL NET ASSETS (DEFICIT), JULY 1, 2002, AS RESTATED (NOTE 3)
			TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED, JUNE 30, 2003 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
CASH RECEIVED FROM SERVICES	\$ 125,526	\$ 18,489	\$ 20,422	\$ 18,214	\$ 24,573	\$ 41,775	\$ 2,053
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(100,057)	(16,164)	(11,363)	(9,783)	(15,503)	(46,208)	(1,036)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(25,172)	(2,398)	(6,109)	(8,027)	(5,152)	(3,450)	(36)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	297	(73)	2,950	404	3,918	(7,883)	981
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
OTHER NONOPERATING REVENUE	56	19	-	-	-	25	12
TRANSFERS RECEIVED	728	-	(2,000)	2,728	-	-	-
TRANSFERS PAID	(815)	-	(212)	(292)	(184)	(127)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(31)	19	(2,212)	2,436	(184)	(102)	12
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
ACQUISITION OF CAPITAL ASSETS	(3,974)	(36)	(1,674)	(730)	(500)	-	(1,034)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,188)	(56)	(815)	(283)	-	(5)	(29)
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	(96)	(10)	(59)	(21)	-	-	(6)
PROCEEDS FROM SALE OF CAPITAL ASSETS	188	-	-	-	188	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,070)	(102)	(2,548)	(1,034)	(312)	(5)	(1,069)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
INTEREST ON INVESTMENTS	2,615	1	-	-	245	2,302	67
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,615	1	-	-	245	2,302	67
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,189)	(155)	(1,810)	1,806	3,667	(5,688)	(9)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	79,116	1,656	4,831	9,931	8,330	52,418	1,950
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 76,927	\$ 1,501	\$ 3,021	\$ 11,737	\$ 11,997	\$ 46,730	\$ 1,941
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
OPERATING INCOME (LOSS)	\$ (298)	\$ (697)	\$ 601	\$ 778	\$ 2,140	\$ (3,267)	\$ 147
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION	5,332	112	1,839	686	1,770	105	820
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	(1,249)	174	(122)	132	(307)	(1,140)	14
DUE FROM OTHER GOVERNMENTS	15	(16)	231	(454)	254	-	-
INVENTORIES	404	219	182	-	3	-	-
PREPAID ITEMS	(1,226)	(79)	-	-	-	(1,147)	-
DEFERRED CHARGES	94	-	-	-	-	94	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(1,551)	189	157	(810)	28	(1,115)	-
SALARIES AND BENEFITS PAYABLE	176	17	25	61	24	49	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	(1,486)	-	-	-	-	(1,486)	-
COMPENSATED ABSENCES PAYABLE	86	8	37	11	6	24	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 297	\$ (73)	\$ 2,950	\$ 404	\$ 3,918	\$ (7,883)	\$ 981
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>							
CASH AND CASH EQUIVALENTS	\$ 76,927	\$ 1,501	\$ 3,021	\$ 11,737	\$ 11,997	\$ 46,730	\$ 1,941
RESTRICTED CASH AND INVESTMENTS	-	-	-	-	-	-	-
	\$ 76,927	\$ 1,501	\$ 3,021	\$ 11,737	\$ 11,997	\$ 46,730	\$ 1,941



# COMBINING FINANCIAL STATEMENTS TRUST AND AGENCY FUNDS



## TRUST AND AGENCY FUNDS DESCRIPTIONS

### *AGENCY FUNDS*

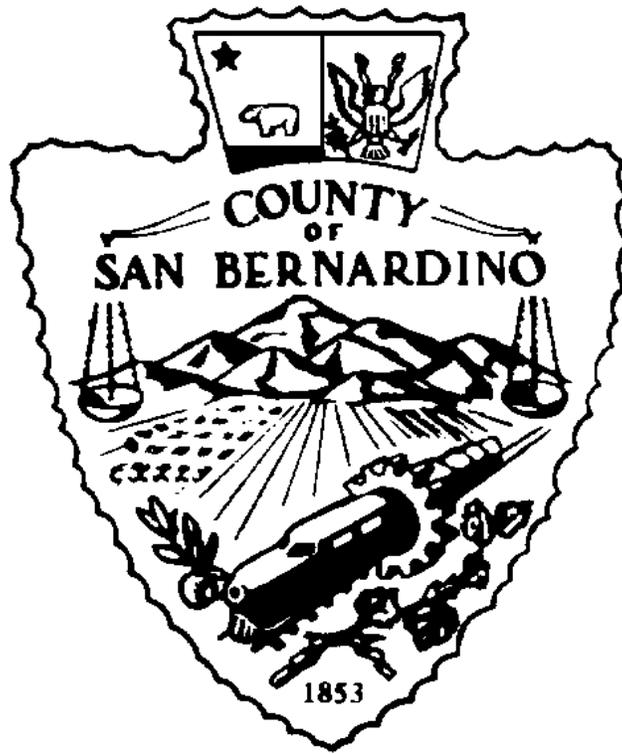
**Special Assessment Funds** - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

**Other Agency Funds** - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2002</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2003</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 261,492	\$ 6,421,627	\$ 6,406,533	\$ 276,586
INVESTMENTS	8,865	7,936	8,865	7,936
ACCOUNT RECEIVABLES	235		235	-
TAXES RECEIVABLE	145,104	141,901	145,104	141,901
INTEREST RECEIVABLE	-	212	-	212
LOANS RECEIVABLE	-	-	-	-
DUE FROM OTHER FUNDS	1,592	1,413	1,592	1,413
DUE FROM OTHER GOVERNMENTS	206	180	206	180
ADVANCES TO OTHER FUNDS	250	-	-	250
TOTAL ASSETS	<u>\$ 417,744</u>	<u>\$ 6,573,269</u>	<u>\$ 6,562,535</u>	<u>\$ 428,478</u>
LIABILITIES:				
DUE TO OTHER FUNDS	\$ 25,428	\$ 17,789	\$ 25,428	\$ 17,789
DUE TO OTHER GOVERNMENTS	392,290	407,730	389,331	410,689
TOTAL LIABILITIES	<u>\$ 417,718</u>	<u>\$ 425,519</u>	<u>\$ 414,759</u>	<u>\$ 428,478</u>

See accompanying independent auditor's report.





**COMBINING SCHEDULE OF  
REVENUES, EXPENDITURES  
AND CHANGES IN FUND  
BALANCES (DEFICIT)  
BUDGET TO ACTUAL ON  
BUDGETARY BASIS**

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 71,011	\$ 74,590	\$ 3,579
LICENSES, PERMITS AND FRANCHISES	224	274	50
FINES, FORFEITURES AND PENALTIES	8,224	10,261	2,037
REVENUES FROM USE OF MONEY AND PROPERTY	10,867	10,083	(784)
AID FROM OTHER GOVERNMENTAL AGENCIES	272,972	158,592	(114,380)
CHARGES FOR CURRENT SERVICES	26,572	24,246	(2,326)
OTHER REVENUES	48,129	42,270	(5,859)
TOTAL REVENUES	<u>437,999</u>	<u>320,316</u>	<u>(117,683)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	33,653	5,610	28,043
PUBLIC PROTECTION	233,646	112,065	121,581
PUBLIC WAYS AND FACILITIES	94,658	53,381	41,277
HEALTH AND SANITATION	18,966	5,398	13,568
PUBLIC ASSISTANCE	123,075	83,013	40,062
EDUCATION	11,224	10,928	296
RECREATION AND CULTURAL SERVICES	17,340	5,989	11,351
DEBT SERVICE:			
PRINCIPAL	2,523	2,231	292
INTEREST AND FISCAL CHARGES	419	254	165
CAPITAL OUTLAY	47,638	16,281	31,357
TOTAL EXPENDITURES	<u>583,142</u>	<u>295,150</u>	<u>287,992</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(145,143)</u>	<u>25,166</u>	<u>170,309</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(62,235)	(40,951)	21,284
TRANSFERS FROM OTHER FUNDS	27,418	16,727	(10,691)
SALE OF CAPITAL ASSETS	1,670	428	(1,242)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(33,147)</u>	<u>(23,796)</u>	<u>9,351</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(178,290)</u>	<u>1,370</u>	<u>179,660</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>191,688</u>	<u>191,688</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 13,398</u>	<u>\$ 193,058</u>	<u>\$ 179,660</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	TRANSPORTATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	175	227	52
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	455	750	295
AID FROM OTHER GOVERNMENTAL AGENCIES	37,913	32,156	(5,757)
CHARGES FOR CURRENT SERVICES	3,531	1,541	(1,990)
OTHER REVENUES	66	400	334
TOTAL REVENUES	<u>42,140</u>	<u>35,074</u>	<u>(7,066)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	54,932	36,645	18,287
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	658	403	255
INTEREST AND FISCAL CHARGES	265	148	117
CAPITAL OUTLAY	2,722	2,707	15
TOTAL EXPENDITURES	<u>58,577</u>	<u>39,903</u>	<u>18,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,437)</u>	<u>(4,829)</u>	<u>11,608</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,500)	(627)	873
TRANSFERS FROM OTHER FUNDS	1,500	6,052	4,552
SALE OF CAPITAL ASSETS	70	225	155
TOTAL OTHER FINANCING SOURCES (USES)	<u>70</u>	<u>5,650</u>	<u>5,580</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(16,367)</u>	<u>821</u>	<u>17,188</u>
FUND BALANCE, JULY 2, 2001, AS RESTATED (NOTE 3)	<u>15,200</u>	<u>15,200</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ (1,167)</u>	<u>\$ 16,021</u>	<u>\$ 17,188</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 7,532	\$ 7,714	\$ 182
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	-	-
AID FROM OTHER GOVERNMENTAL AGENCIES	1,534	1,711	177
CHARGES FOR CURRENT SERVICES	765	889	124
OTHER REVENUES	<u>1,310</u>	<u>1,056</u>	<u>(254)</u>
TOTAL REVENUES	<u>11,141</u>	<u>11,370</u>	<u>229</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	11,224	10,928	296
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	47	43	4
INTEREST AND FISCAL CHARGES	65	25	40
CAPITAL OUTLAY	<u>120</u>	<u>-</u>	<u>120</u>
TOTAL EXPENDITURES	<u>11,456</u>	<u>10,996</u>	<u>460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(315)</u>	<u>374</u>	<u>689</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(441)	(624)	(183)
TRANSFERS FROM OTHER FUNDS	300	300	-
SALE OF CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(141)</u>	<u>(324)</u>	<u>(183)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(456)</u>	<u>50</u>	<u>506</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>520</u>	<u>520</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 64</u>	<u>\$ 570</u>	<u>\$ 506</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 32	\$ 17	\$ (15)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	1	2	1
REVENUES FROM USE OF MONEY AND PROPERTY	629	777	148
AID FROM OTHER GOVERNMENTAL AGENCIES	36,586	17,327	(19,259)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	7,292	6,950	(342)
TOTAL REVENUES	<u>44,540</u>	<u>25,073</u>	<u>(19,467)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	57,348	22,968	34,380
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>57,348</u>	<u>22,968</u>	<u>34,380</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,808)</u>	<u>2,105</u>	<u>14,913</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,541)	(1,175)	1,366
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,541)</u>	<u>(1,175)</u>	<u>1,366</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(15,349)</u>	<u>930</u>	<u>16,279</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>16,341</u>	<u>16,341</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 992</u>	<u>\$ 17,271</u>	<u>\$ 16,279</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>AGING AND ADULT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	36	36	-
AID FROM OTHER GOVERNMENTAL AGENCIES	651	651	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	9	9	-
TOTAL REVENUES	<u>696</u>	<u>696</u>	<u>-</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	704	702	2
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	50	12	38
TOTAL EXPENDITURES	<u>754</u>	<u>714</u>	<u>40</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(58)</u>	<u>(18)</u>	<u>40</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(185)	(181)	4
TRANSFERS FROM OTHER FUNDS	141	169	28
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(44)</u>	<u>(12)</u>	<u>32</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(102)</u>	<u>(30)</u>	<u>72</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>1,405</u>	<u>1,405</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 1,303</u>	<u>\$ 1,375</u>	<u>\$ 72</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	12	12
AID FROM OTHER GOVERNMENTAL AGENCIES	20,678	16,421	(4,257)
CHARGES FOR CURRENT SERVICES	-	4	4
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>20,678</u>	<u>16,437</u>	<u>(4,241)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	20,888	18,394	2,494
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	30	19	11
TOTAL EXPENDITURES	<u>20,918</u>	<u>18,413</u>	<u>2,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(240)</u>	<u>(1,976)</u>	<u>(1,736)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(220)	(216)	4
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(220)</u>	<u>(216)</u>	<u>4</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(460)</u>	<u>(2,192)</u>	<u>(1,732)</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>(83)</u>	<u>(83)</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ (543)</u>	<u>\$ (2,275)</u>	<u>\$ (1,732)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	-	-
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	2,880	4,198	1,318
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>2,880</u>	<u>4,198</u>	<u>1,318</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	11,636	2,863	8,773
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	1,800	617	1,183
TOTAL EXPENDITURES	<u>13,436</u>	<u>3,480</u>	<u>9,956</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,556)</u>	<u>718</u>	<u>11,274</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(470)	(470)	-
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(470)</u>	<u>(470)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(11,026)</u>	<u>248</u>	<u>11,274</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>11,026</u>	<u>11,026</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ -</u>	<u>\$ 11,274</u>	<u>\$ 11,274</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 17,625	\$ 18,107	\$ 482
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	382	44	(338)
REVENUES FROM USE OF MONEY AND PROPERTY	1,439	685	(754)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,058	2,223	1,165
CHARGES FOR CURRENT SERVICES	8,507	7,807	(700)
OTHER REVENUES	12,086	4,840	(7,246)
TOTAL REVENUES	<u>41,097</u>	<u>33,706</u>	<u>(7,391)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	3,233	81	3,152
PUBLIC PROTECTION	38,288	31,770	6,518
PUBLIC WAYS AND FACILITIES	2,975	1,377	1,598
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	2,112	838	1,274
DEBT SERVICE:			
PRINCIPAL	485	484	1
INTEREST AND FISCAL CHARGES	57	54	3
CAPITAL OUTLAY	13,876	1,949	11,927
TOTAL EXPENDITURES	<u>61,026</u>	<u>36,553</u>	<u>24,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,929)</u>	<u>(2,847)</u>	<u>17,082</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(5,213)	(3,572)	1,641
TRANSFERS FROM OTHER FUNDS	13,811	4,053	(9,758)
SALE OF CAPITAL ASSETS	-	21	21
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,598</u>	<u>502</u>	<u>(8,096)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(11,331)</u>	<u>(2,345)</u>	<u>8,986</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>17,339</u>	<u>17,339</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 6,008</u>	<u>\$ 14,994</u>	<u>\$ 8,986</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	1,925	1,971	46
REVENUES FROM USE OF MONEY AND PROPERTY	35	43	8
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	5	5
TOTAL REVENUES	<u>1,960</u>	<u>2,019</u>	<u>59</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	233	-	233
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>233</u>	<u>-</u>	<u>233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,727</u>	<u>2,019</u>	<u>292</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,766)	(2,533)	233
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,766)</u>	<u>(2,533)</u>	<u>233</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,039)</u>	<u>(514)</u>	<u>525</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>812</u>	<u>812</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ (227)</u>	<u>\$ 298</u>	<u>\$ 525</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	2,020	2,422	402
REVENUES FROM USE OF MONEY AND PROPERTY	34	42	8
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	220	7	(213)
TOTAL REVENUES	<u>2,274</u>	<u>2,471</u>	<u>197</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,274</u>	<u>2,471</u>	<u>197</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,954)	(2,954)	-
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,954)</u>	<u>(2,954)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(680)</u>	<u>(483)</u>	<u>197</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>684</u>	<u>684</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 4</u>	<u>\$ 201</u>	<u>\$ 197</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>FLOOD CONTROL DISTRICT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 20,099	\$ 21,550	\$ 1,451
LICENSES, PERMITS AND FRANCHISES	49	47	(2)
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	3,165	2,634	(531)
AID FROM OTHER GOVERNMENTAL AGENCIES	65,609	11,736	(53,873)
CHARGES FOR CURRENT SERVICES	248	(72)	(320)
OTHER REVENUES	732	803	71
TOTAL REVENUES	<u>89,902</u>	<u>36,698</u>	<u>(53,204)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	135,390	38,683	96,707
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	1,298	1,295	3
INTEREST AND FISCAL CHARGES	27	27	-
CAPITAL OUTLAY	100	-	100
TOTAL EXPENDITURES	<u>136,815</u>	<u>40,005</u>	<u>96,810</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,913)</u>	<u>(3,307)</u>	<u>43,606</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(7,525)	(310)	7,215
TRANSFERS FROM OTHER FUNDS	6,863	-	(6,863)
SALE OF CAPITAL ASSETS	1,600	181	(1,419)
TOTAL OTHER FINANCING SOURCES (USES)	<u>938</u>	<u>(129)</u>	<u>(1,067)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(45,975)</u>	<u>(3,436)</u>	<u>42,539</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>48,826</u>	<u>48,826</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 2,851</u>	<u>\$ 45,390</u>	<u>\$ 42,539</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 17,981	\$ 18,457	\$ 476
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	118	66	(52)
AID FROM OTHER GOVERNMENTAL AGENCIES	-	484	484
CHARGES FOR CURRENT SERVICES	3,224	3,005	(219)
OTHER REVENUES	581	643	62
TOTAL REVENUES	<u>21,904</u>	<u>22,655</u>	<u>751</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	23,517	21,422	2,095
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	758	614	144
TOTAL EXPENDITURES	<u>24,275</u>	<u>22,036</u>	<u>2,239</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,371)</u>	<u>619</u>	<u>2,990</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,895)	(2,894)	1
TRANSFERS FROM OTHER FUNDS	1,682	1,595	(87)
SALE OF CAPITAL ASSETS	-	4	4
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,213)</u>	<u>(1,295)</u>	<u>(82)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(3,584)</u>	<u>(676)</u>	<u>2,908</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>3,966</u>	<u>3,966</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 382</u>	<u>\$ 3,290</u>	<u>\$ 2,908</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,097	\$ 1,164	\$ 67
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	1	1
REVENUES FROM USE OF MONEY AND PROPERTY	45	22	(23)
AID FROM OTHER GOVERNMENTAL AGENCIES	764	51	(713)
CHARGES FOR CURRENT SERVICES	640	593	(47)
OTHER REVENUES	5	11	6
TOTAL REVENUES	<u>2,551</u>	<u>1,842</u>	<u>(709)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	2,231	1,798	433
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	72	66	6
TOTAL EXPENDITURES	<u>2,303</u>	<u>1,864</u>	<u>439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>248</u>	<u>(22)</u>	<u>(270)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(697)	(17)	680
TRANSFERS FROM OTHER FUNDS	30	-	(30)
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(667)</u>	<u>(17)</u>	<u>650</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(419)</u>	<u>(39)</u>	<u>380</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>472</u>	<u>472</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 53</u>	<u>\$ 433</u>	<u>\$ 380</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOBACCO TAX PROGRAM</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	102	52	(50)
AID FROM OTHER GOVERNMENTAL AGENCIES	4,667	3,557	(1,110)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	(1)	(1)
TOTAL REVENUES	<u>4,769</u>	<u>3,608</u>	<u>(1,161)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	5,576	3,674	1,902
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>5,576</u>	<u>3,674</u>	<u>1,902</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(807)</u>	<u>(66)</u>	<u>741</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(22)	-	22
TRANSFERS FROM OTHER FUNDS	22	-	(22)
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(807)</u>	<u>(66)</u>	<u>741</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>2,950</u>	<u>2,950</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 2,143</u>	<u>\$ 2,884</u>	<u>\$ 741</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	889	467	(422)
AID FROM OTHER GOVERNMENTAL AGENCIES	9,006	4,640	(4,366)
CHARGES FOR CURRENT SERVICES	-	(200)	(200)
OTHER REVENUES	-	(6)	(6)
TOTAL REVENUES	<u>9,895</u>	<u>4,901</u>	<u>(4,994)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	2,655	893	1,762
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	14,286	3,680	10,606
TOTAL EXPENDITURES	<u>16,941</u>	<u>4,573</u>	<u>12,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,046)</u>	<u>328</u>	<u>7,374</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(104)	(54)	50
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(104)</u>	<u>(54)</u>	<u>50</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(7,150)</u>	<u>274</u>	<u>7,424</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>6,419</u>	<u>6,419</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ (731)</u>	<u>\$ 6,693</u>	<u>\$ 7,424</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	14	14
AID FROM OTHER GOVERNMENTAL AGENCIES	38,855	37,285	(1,570)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	10	10
TOTAL REVENUES	<u>38,855</u>	<u>37,309</u>	<u>(1,546)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	37,987	37,120	867
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST	-	-	-
CAPITAL OUTLAY	596	488	108
TOTAL EXPENDITURES	<u>38,583</u>	<u>37,608</u>	<u>975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>272</u>	<u>(299)</u>	<u>(571)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(190)	(185)	5
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(190)</u>	<u>(185)</u>	<u>5</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	82	(484)	(566)
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	(311)	(311)	-
FUND BALANCE, JUNE 30, 2003	<u>\$ (229)</u>	<u>\$ (795)</u>	<u>\$ (566)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

<b>SHERIFF'S SPECIAL PROJECTS</b>			
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	237	16	(221)
REVENUES FROM USE OF MONEY AND PROPERTY	116	279	163
AID FROM OTHER GOVERNMENTAL AGENCIES	17,071	6,805	(10,266)
CHARGES FOR CURRENT SERVICES	2,089	2,756	667
OTHER REVENUES	<u>3,426</u>	<u>1,977</u>	<u>(1,449)</u>
TOTAL REVENUES	<u>22,939</u>	<u>11,833</u>	<u>(11,106)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	16,260	9,748	6,512
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	35	6	29
INTEREST AND FISCAL CHARGES	5	-	5
CAPITAL OUTLAY	<u>12,998</u>	<u>5,956</u>	<u>7,042</u>
TOTAL EXPENDITURES	<u>29,298</u>	<u>15,710</u>	<u>13,588</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,359)</u>	<u>(3,877)</u>	<u>2,482</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,714)	(654)	3,060
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,714)</u>	<u>(654)</u>	<u>3,060</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(10,073)</u>	<u>(4,531)</u>	<u>5,542</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>10,130</u>	<u>10,130</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 57</u>	<u>\$ 5,599</u>	<u>\$ 5,542</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 5,445	\$ 5,903	\$ 458
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	815	587	(228)
AID FROM OTHER GOVERNMENTAL AGENCIES	8,742	5,595	(3,147)
CHARGES FOR CURRENT SERVICES	3,254	1,181	(2,073)
OTHER REVENUES	510	2,089	1,579
TOTAL REVENUES	<u>18,766</u>	<u>15,355</u>	<u>(3,411)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	30,648	13,955	16,693
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>30,648</u>	<u>13,955</u>	<u>16,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,882)</u>	<u>1,400</u>	<u>13,282</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(10)	(9)	1
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	(3)	(3)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10)</u>	<u>(12)</u>	<u>(2)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(11,892)</u>	<u>1,388</u>	<u>13,280</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>12,169</u>	<u>12,169</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 277</u>	<u>\$ 13,557</u>	<u>\$ 13,280</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ 175	\$ 175
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	182	264	82
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>182</u>	<u>439</u>	<u>257</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	9,354	558	8,796
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>9,354</u>	<u>558</u>	<u>8,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,172)</u>	<u>(119)</u>	<u>9,053</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(42)	(41)	1
TRANSFERS FROM OTHER FUNDS	2,069	2,527	458
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,027</u>	<u>2,486</u>	<u>459</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(7,145)</u>	<u>2,367</u>	<u>9,512</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>9,353</u>	<u>9,353</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ 2,208</u>	<u>\$ 11,720</u>	<u>\$ 9,512</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,200	\$ 1,503	\$ 303
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	3,659	5,805	2,146
REVENUES FROM USE OF MONEY AND PROPERTY	2,807	3,353	546
AID FROM OTHER GOVERNMENTAL AGENCIES	29,838	17,950	(11,888)
CHARGES FOR CURRENT SERVICES	1,434	2,544	1,110
OTHER REVENUES	<u>21,892</u>	<u>23,477</u>	<u>1,585</u>
TOTAL REVENUES	<u>60,830</u>	<u>54,632</u>	<u>(6,198)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	9,197	2,108	7,089
PUBLIC PROTECTION	20,191	10,442	9,749
PUBLIC WAYS AND FACILITIES	3,448	511	2,937
HEALTH AND SANITATION	13,390	1,724	11,666
PUBLIC ASSISTANCE	6,148	3,829	2,319
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	12,997	3,353	9,644
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	<u>230</u>	<u>173</u>	<u>57</u>
TOTAL EXPENDITURES	<u>65,601</u>	<u>22,140</u>	<u>43,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,771)</u>	<u>32,492</u>	<u>37,263</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(30,746)	(24,435)	6,311
TRANSFERS FROM OTHER FUNDS	1,000	2,031	1,031
SALE OF CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(29,746)</u>	<u>(22,404)</u>	<u>7,342</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(34,517)</u>	<u>10,088</u>	<u>44,605</u>
FUND BALANCE, JULY 1, 2002, AS RESTATED (NOTE 3)	<u>34,470</u>	<u>34,470</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2003	<u>\$ (47)</u>	<u>\$ 44,558</u>	<u>\$ 44,605</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	291	291
AID FROM OTHER GOVERNMENTAL AGENCIES	29,484	14,780	(14,704)
CHARGES FOR CURRENT SERVICES	-	272	272
OTHER REVENUES	-	305	305
<b>TOTAL REVENUES</b>	<u>29,484</u>	<u>15,648</u>	<u>(13,836)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>106,629</u>	<u>35,122</u>	<u>71,507</u>
<b>TOTAL EXPENDITURES</b>	<u>106,629</u>	<u>35,122</u>	<u>71,507</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(77,145)</u>	<u>(19,474)</u>	<u>(85,343)</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(855)	(855)	-
TRANSFERS FROM OTHER FUNDS	-	-	-
LONG-TERM DEBT PROCEEDS	-	-	-
SALE OF FIXED ASSETS	-	1,177	1,177
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(855)</u>	<u>322</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(78,000)</u>	<u>(19,152)</u>	<u>58,848</u>
<b>FUND BALANCE (DEFICIT), JULY 1, 2002, AS RESTATED</b>	<u>9,290</u>	<u>22,238</u>	<u>12,948</u>
<b>FUND BALANCE, JUNE 30, 2003</b>	<u>\$ (68,710)</u>	<u>\$ 3,086</u>	<u>\$ 71,796</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>CAPITAL IMPROVEMENTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	219	219
AID FROM OTHER GOVERNMENTAL AGENCIES	29,484	14,780	(14,704)
CHARGES FOR CURRENT SERVICES	-	223	223
OTHER REVENUES	-	3	3
	<u>29,484</u>	<u>15,225</u>	<u>(14,259)</u>
TOTAL REVENUES			
EXPENDITURES:			
CAPITAL OUTLAY	<u>96,997</u>	<u>32,042</u>	<u>64,955</u>
TOTAL EXPENDITURES	<u>96,997</u>	<u>32,042</u>	<u>64,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(67,513)</u>	<u>(16,817)</u>	<u>50,696</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(807)	(807)	-
TRANSFERS FROM OTHER FUNDS	47,850	19,356	(28,494)
LONG-TERM DEBT PROCEEDS	-	-	-
SALE OF FIXED ASSETS	-	1,177	1,177
TOTAL OTHER FINANCING SOURCES	<u>47,043</u>	<u>19,726</u>	<u>(27,317)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(20,470)	2,909	23,379
FUND BALANCE (DEFICIT), JULY 1, 2002	<u>8,666</u>	<u>20,528</u>	<u>11,862</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ (11,804)</u>	<u>\$ 23,437</u>	<u>\$ 35,241</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	1	1
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>401</u>	<u>2</u>	<u>399</u>
TOTAL EXPENDITURES	<u>401</u>	<u>2</u>	<u>399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(401)</u>	<u>(1)</u>	<u>(400)</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	401	-	(401)
LONG-TERM DEBT PROCEEDS	-	-	-
SALE OF FIXED ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>401</u>	<u>-</u>	<u>(401)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	(1)	(1)
FUND BALANCE (DEFICIT), JULY 1, 2002	<u>14</u>	<u>21</u>	<u>7</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ 14</u>	<u>\$ 20</u>	<u>\$ 6</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

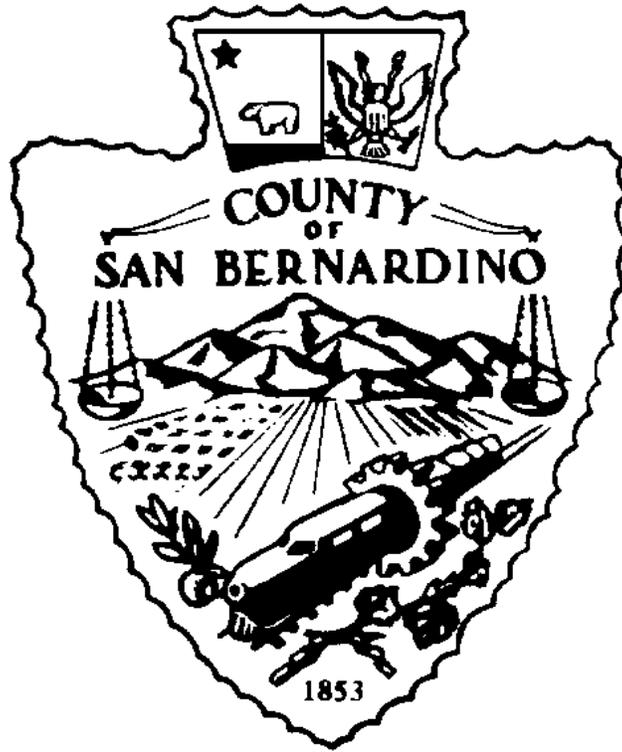
	<u>COUNTY SERVICE AREAS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	70	70
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	49	49
OTHER REVENUES	-	302	302
<b>TOTAL REVENUES</b>	<u>-</u>	<u>421</u>	<u>421</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>8,795</u>	<u>3,036</u>	<u>5,759</u>
<b>TOTAL EXPENDITURES</b>	<u>8,795</u>	<u>3,036</u>	<u>(5,759)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(8,795)</u>	<u>(2,615)</u>	<u>6,180</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(35)	(35)	-
TRANSFERS FROM OTHER FUNDS	6,876	3,442	(3,434)
LONG-TERM DEBT PROCEEDS	-	-	-
SALE OF FIXED ASSETS	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>6,841</u>	<u>3,407</u>	<u>(3,434)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,954)</u>	<u>792</u>	<u>2,746</u>
<b>FUND BALANCE (DEFICIT), JULY 1, 2002</b>	<u>512</u>	<u>1,661</u>	<u>1,149</u>
<b>FUND BALANCE, JUNE 30, 2003</b>	<u>\$ (1,442)</u>	<u>\$ 2,453</u>	<u>\$ 3,895</u>

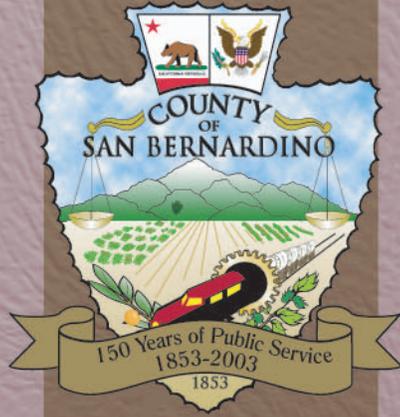
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

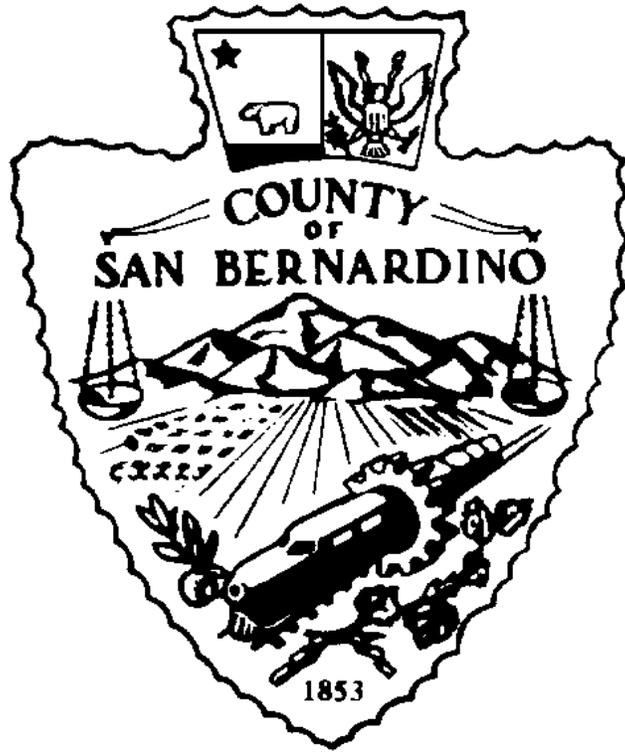
	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	1	1
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>436</u>	<u>42</u>	<u>394</u>
TOTAL EXPENDITURES	<u>436</u>	<u>42</u>	<u>(394)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(436)</u>	<u>(41)</u>	<u>395</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(13)	(13)	-
TRANSFERS FROM OTHER FUNDS	449	43	(406)
LONG-TERM DEBT PROCEEDS	-	-	-
SALE OF FIXED ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>436</u>	<u>30</u>	<u>(406)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	(11)	(11)
FUND BALANCE (DEFICIT), JULY 1, 2002	<u>98</u>	<u>28</u>	<u>(70)</u>
FUND BALANCE, JUNE 30, 2003	<u>\$ 98</u>	<u>\$ 17</u>	<u>\$ (81)</u>

See accompanying independent auditor's report.





# STATISTICAL SECTION

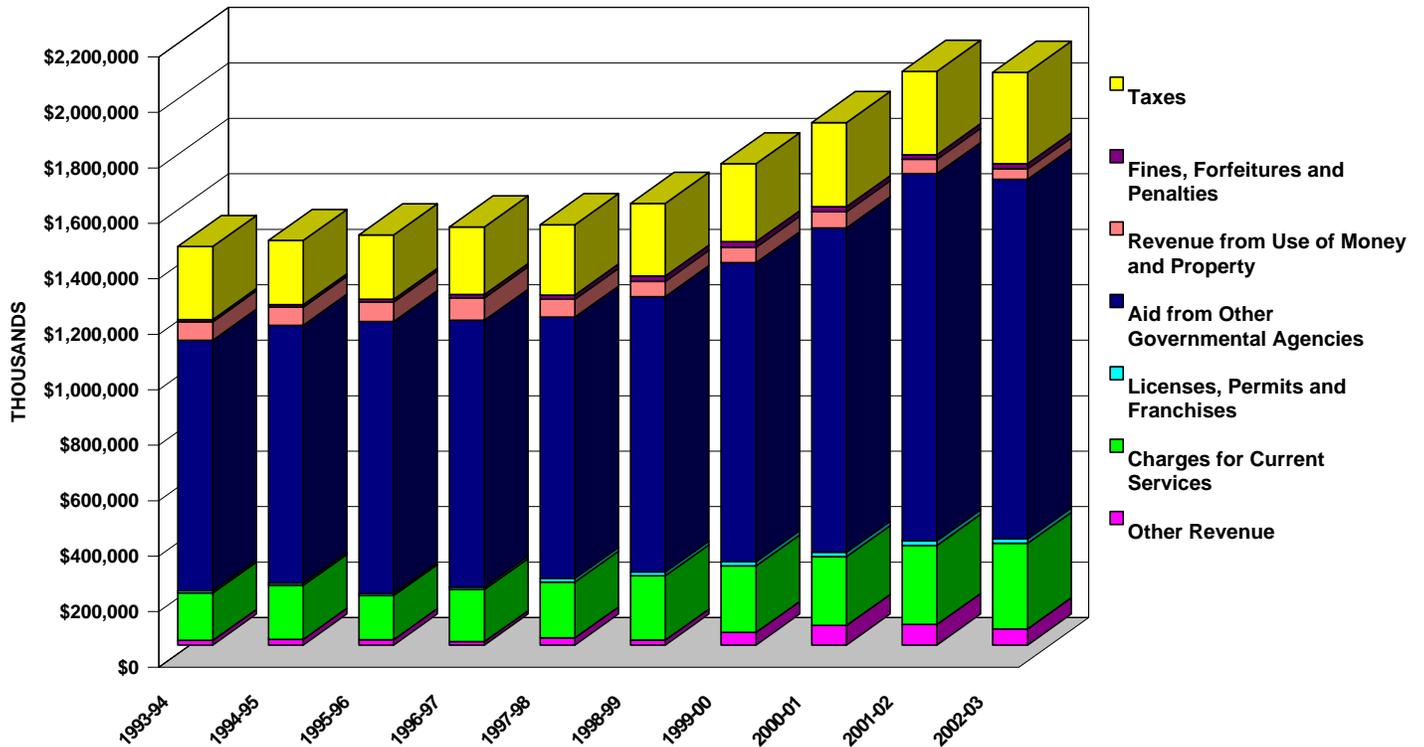


COUNTY OF SAN BERNARDINO  
 GENERAL GOVERNMENTAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 JUNE 30, 2003

SOURCE	1993-94	1994-95	1995-96	1996-97	1997-98
TAXES	\$ 263,504	\$ 231,778	\$ 232,321	\$ 243,678	\$ 253,379
LICENSES, PERMITS AND FRANCHISES	8,472	7,846	7,246	8,842	13,701
FINES, FORFEITURES AND PENALTIES	8,180	9,119	9,698	11,884	15,599
REVENUE FROM USE OF MONEY AND PROPERTY	66,426	65,040	70,662	81,228	64,276
AID FROM OTHER GOVERNMENTAL AGENCIES	902,935	929,838	980,557	961,601	941,671
CHARGES FOR CURRENT SERVICES	171,092	194,564	158,692	188,103	201,079
OTHER REVENUES	16,279	20,582	19,303	11,853	25,594
<b>TOTAL</b>	<b>\$ 1,436,888</b>	<b>\$ 1,458,767</b>	<b>\$ 1,478,479</b>	<b>\$ 1,507,189</b>	<b>\$ 1,515,299</b>

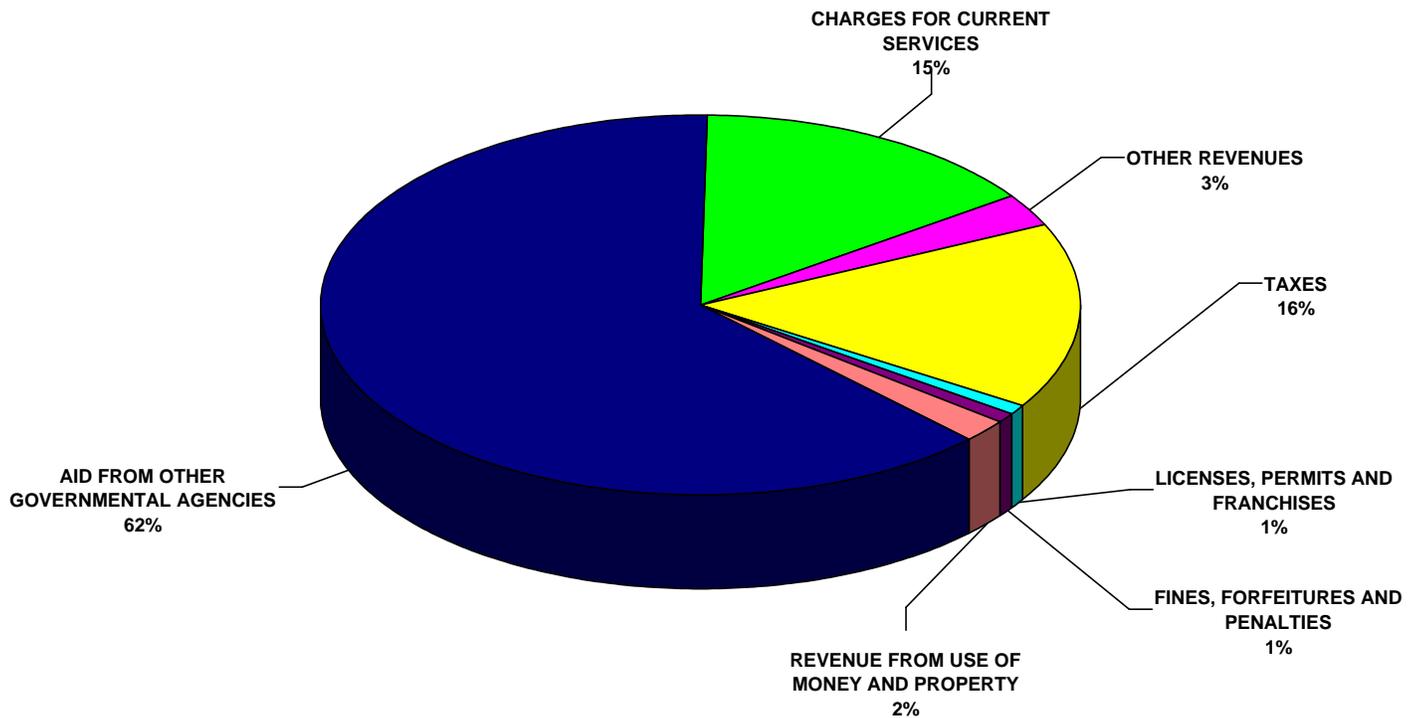
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

### REVENUE TRENDS



<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>SOURCE</u>
\$ 262,345	\$ 280,499	\$ 303,313	\$ 300,737	\$ 329,753	TAXES
14,079	15,202	15,766	16,520	16,670	LICENSES, PERMITS AND FRANCHISES
18,936	20,168	18,440	16,574	18,841	FINES, FORFEITURES AND PENALTIES
54,949	55,948	58,182	51,922	37,247	REVENUE FROM USE OF MONEY AND PROPERTY
992,829	1,077,662	1,169,708	1,323,725	1,296,324	AID FROM OTHER GOVERNMENTAL AGENCIES
231,473	239,699	248,090	284,822	307,653	CHARGES FOR CURRENT SERVICES
17,612	45,492	70,157	73,967	58,418	OTHER REVENUES
<u>\$ 1,592,223</u>	<u>\$ 1,734,670</u>	<u>\$ 1,883,656</u>	<u>\$ 2,068,267</u>	<u>\$ 2,064,906</u>	TOTAL

## REVENUE SOURCES

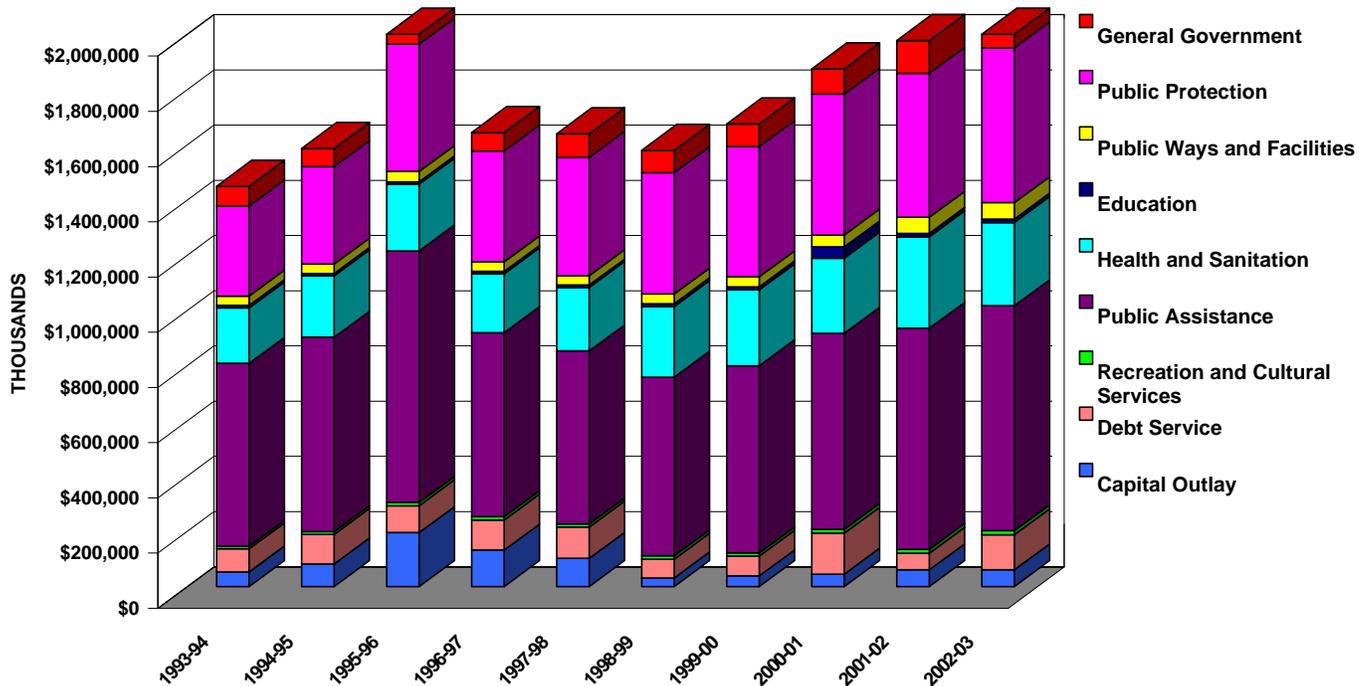


COUNTY OF SAN BERNARDINO  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS (IN THOUSANDS)  
JUNE 30, 2003

FUNCTION	1993-94	1994-95	1995-96	1996-97	1997-98
GENERAL GOVERNMENT	\$ 71,477	\$ 65,976	\$ 92,092	\$ 66,889	\$ 85,399
PUBLIC PROTECTION	325,946	353,176	460,619	401,533	428,582
PUBLIC WAYS AND FACILITIES	33,855	33,905	37,335	34,616	33,727
HEALTH AND SANITATION	200,302	222,392	241,577	213,170	230,119
PUBLIC ASSISTANCE	662,508	703,955	910,974	666,749	626,647
EDUCATION	9,661	8,901	8,821	8,627	8,918
RECREATION AND CULTURAL SERVICES	9,285	9,591	11,706	11,977	11,157
DEBT SERVICE	83,300	107,493	97,722	108,990	113,328
CAPITAL OUTLAY	53,005	81,361	194,967	131,847	101,739
TOTAL	<u>\$ 1,449,339</u>	<u>\$ 1,586,750</u>	<u>\$ 1,586,750</u>	<u>\$ 1,644,398</u>	<u>\$ 1,639,616</u>

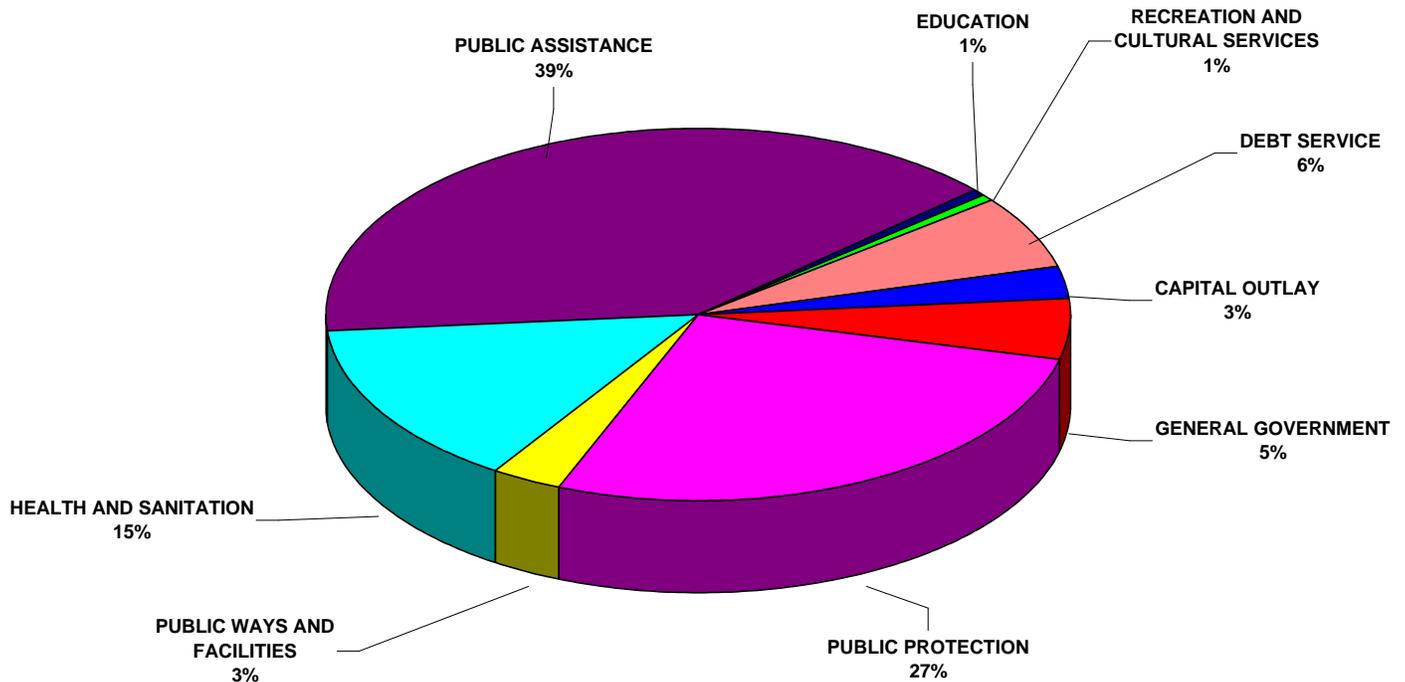
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

### EXPENDITURE TRENDS



<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>FUNCTION</u>
\$ 80,223	\$ 82,523	\$ 91,459	\$ 118,669	\$ 110,847	GENERAL GOVERNMENT
439,974	470,918	510,068	521,433	560,753	PUBLIC PROTECTION
35,100	36,237	43,178	58,269	59,272	PUBLIC WAYS AND FACILITIES
256,222	274,474	272,180	331,155	301,484	HEALTH AND SANITATION
646,888	678,314	709,821	800,038	814,631	PUBLIC ASSISTANCE
10,080	11,235	40,899	12,626	12,543	EDUCATION
11,931	11,340	14,058	14,316	14,986	RECREATION AND CULTURAL SERVICES
67,949	71,820	148,134	60,479	126,793	DEBT SERVICE
<u>31,046</u>	<u>38,262</u>	<u>44,829</u>	<u>59,974</u>	<u>60,147</u>	CAPITAL OUTLAY
<u>\$ 1,579,413</u>	<u>\$ 1,675,123</u>	<u>\$ 1,874,626</u>	<u>\$ 1,976,959</u>	<u>\$ 2,061,456</u>	TOTAL

### EXPENDITURES BY FUNCTION



COUNTY OF SAN BERNARDINO  
PROPERTY TAX LEVIES, COLLECTIONS, AND DELINQUENCIES  
LAST TEN FISCAL YEARS (IN THOUSANDS)  
JUNE 30, 2003

FISCAL YEAR	TAX LEVY	COLLECTIONS		DELINQUENCY	
		AMOUNT (1)	PERCENT	AMOUNT	PERCENT
1993-94	\$ 921,240	844,237	91.6	77,003	8.4
1994-95	907,776	822,915	90.7	84,861	9.3
1995-96	924,364	858,062	92.8	66,302	7.2
1996-97	931,302	862,854	92.7	68,448	7.3
1997-98	940,414	874,882	93.0	65,532	7.0
1998-99	970,426	906,204	93.4	64,222	6.6
1999-00	995,499	938,047	94.2	57,452	5.8
2000-01	1,044,654	995,354	95.3	49,300	4.7
2001-02	1,095,919	1,051,265	95.9	44,653	4.1
2002-03	1,187,114	1,139,679	96.0	47,435	4.0

Note:

- (1) Included above are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 GROSS ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 JUNE 30, 2003

<u>FISCAL YEAR</u>	<u>(1) SECURED</u>	<u>(1) UNSECURED</u>	<u>TOTAL</u>
1993-94	\$ 58,552,377	\$ 2,984,566	\$ 61,536,943
1994-95	57,872,470	2,855,516	60,727,986
1995-96	58,221,977	2,979,827	61,201,804
1996-97	58,673,355	3,130,796	61,804,151
1997-98	59,436,693	3,310,372	62,747,065
1998-99	60,369,414	3,503,927	63,873,341
1999-00	62,029,287	3,414,687	65,443,974
2000-01	63,875,019	3,583,212	67,458,231
2001-02	67,359,597	3,718,755	71,078,352
2002-03	71,626,748	3,815,785	75,442,533

Note:

(1) Valuations include State reimbursed exemptions but exclude redevelopment tax allocations.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)  
(\$1 PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
JUNE 30, 2003

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
1993-94	1.0000	0.0059	0.0900	1.0959
1994-95	1.0000	0.0006	0.0870	1.0876
1995-96	1.0000	0.0012	0.0870	1.0882
1996-97	1.0000	0.0018	0.0870	1.0888
1997-98	1.0000	0.0015	0.1070	1.1085
1998-99	1.0000	0.0015	0.1070	1.1085
1999-00	1.0000	0.0426	0.1070	1.1496
2000-01	1.0000	0.0336	0.1070	1.1406
2001-02	1.0000	0.0361	0.1420	1.1781
2002-03	1.0000	0.0315	0.1400	1.1715

Note:

- (1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 COMPUTATION OF LEGAL DEBT MARGIN AND BONDED DEBT PER CAPITA  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 JUNE 30, 2003

<u>FISCAL YEAR</u>	<u>(1) POPULATION</u>	<u>(2) ASSESSED VALUE</u>	<u>(3) LEGAL DEBT LIMIT</u>	<u>(4) BONDED DEBT</u>	<u>LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
1993-94	1,592	\$ 61,536,943	\$ 769,212	\$ 7,618	\$ 761,594	0.01	4.79
1994-95	1,618	60,727,986	759,100	6,832	752,268	0.01	4.22
1995-96	1,589	61,201,804	765,023	6,107	758,916	0.01	3.84
1996-97	1,587	61,804,151	772,552	5,290	767,262	0.01	3.33
1997-98	1,622	62,747,065	784,338	4,683	779,655	0.01	2.89
1998-99	1,654	63,873,341	798,417	4,177	794,240	0.01	2.53
1999-00	1,689	65,443,974	818,050	3,691	814,359	0.01	2.19
2000-01	1,764	67,458,231	843,228	3,365	839,863	0.01	1.91
2001-02	1,784	71,078,352	888,479	2,979	885,500	0.01	1.67
2002-03	1,833	75,442,533	943,032	2,657	940,375	0.01	1.45

Notes:

- (1) Source: California Department of Finance.
- (2) Valuations include State reimbursed exemptions, but exclude redevelopment tax allocations.
- (3) The legal debt limit is 1.25% of assessed value.
- (4) Bonded debt subject to limitation; amount includes only general obligation bonds.

COUNTY OF SAN BERNARDINO  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
 AS OF JUNE 30, 2003

2002-03 ASSESSED VALUATION (1): \$ 95,399,249,505 (includes unitary utility valuation)  
 Redevelopment Incremental Valuation: 19,956,716,152  
 Adjusted Assessed Valuation: \$75,442,533,353

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 6/30/03</u>
METROPOLITAN WATER DISTRICT	2.847 %	\$ 12,769,038
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	47,565,000
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.530	49,265,000
KERN COMMUNITY COLLEGE DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT	1.043	784,248
FONTANA UNIFIED SCHOOL DISTRICT	100.000	63,813,353
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	47,498,512
RIALTO UNIFIED SCHOOL DISTRICT	100.000	38,460,038
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	48,422,481
UPLAND UNIFIED SCHOOL DISTRICT	100.000	26,449,914
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	84,327,351
UNION HIGH SCHOOL DISTRICTS	100.000	146,963,731
SCHOOL DISTRICTS	100.000	125,171,671
CITY OF REDLANDS	100.000	5,140,000
COUNTY SERVICE AREAS	100.000	1,665,000
MOJAVE WATER AGENCY	100.000	23,245,000
MOJAVE WATER AGENCY, I.D. M	100.000	44,980,000
COUNTY WATER DISTRICTS	100.000 (1)	2,017,531
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	65,115,000
FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	159,140,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	34,830,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	42,815,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000	28,835,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	152,335,565
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	<u>166,438,761</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		 <u>\$ 1,418,047,194</u>



COUNTY OF SAN BERNARDINO  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS (IN THOUSANDS)  
JUNE 30, 2003

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>ADVANCE REFUNDING ESCROW</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>
1993-94	20,331	47,714	15,255	83,300	\$ 1,449,339	5.75 %
1994-95	41,166	66,327	-	107,493	1,586,750	6.77
1995-96	20,642	71,193	5,887	97,722	2,055,813	4.75
1996-97	36,470	72,520	39,135	148,125	1,644,398	9.01
1997-98	36,630	76,698	76,240	189,568	1,639,616	11.56
1998-99	28,787	39,162	-	67,949	1,579,413	4.30
1999-00	22,136	49,684	-	71,820	1,675,123	4.29
2000-01	99,557	48,577	-	148,134	1,874,626	7.90
2001-02	24,662	35,817	112,171	172,650	1,976,959	8.73
2002-03	96,480	30,313	-	126,793	2,061,456	6.15

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 SCHEDULE OF INSURANCE IN FORCE  
 JUNE 30, 2003

COVERAGE	AMOUNT	INSURED
General and Automobile Liability	County pays all claims with negligence.	County is completely self-insured up to \$250,000 per claim or occurrence. CSAC EIA Liability Program II pool covers losses from \$250,000. Excess coverage provides coverage to \$30 million.
Fire, Lightning and Earthquake Extended Coverage	Replacement value.	CSAC EIA with \$25,000 deductible - 5% deductible for earthquake
Medical Malpractice	\$30,000,000 Professional or Hospital Liability.	Self-insured program is supplemented CSAC EIA that provides annual coverage on an occurrence basis. Self-insured retention at \$1 million for each claim. Maximum coverage under this policy is \$10 million per occurrence with additional \$20 million under the GLI Program.
Airport Liability	\$50,000,000.	Premises liability, contractual liability, products liability, completed operations; personal protective injury, hangarkeepers, owners and contractors protective with Associated Aviation.
Comprehensive Disappearance, Destructions and Dishonesty	\$10,000,000.	CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence
Faithful Performance Bond	\$10,000,000 employee dishonesty.	CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence
Worker's Compensation	Statutory for Worker's Compensation. \$2,000,000 for Employer's Liability.	Self-Insured first \$1,000,000. Excess with CSAC EIA for statutory limits.
Employee Health - Contact Human Resources Department	Limited according to selected plan.	Contact Human Resources Department.
Dental - Contact Human Resources Department	Limited according to selected plan.	Contact Human Resources Department.
Life - Contact Human Resources Department	Varies.	Contact Human Resources Department.

Source: Risk Management, County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 PUBLIC OFFICIAL BLANKET BOND (1) (2)  
 JUNE 30, 2003

	<u>FAITHFUL PERFORMANCE BOND/ EMPLOYEE DISHONESTY</u>	<u>FORGERY/ALTERATION, DISAPPEARANCE &amp; DESTRUCTION, ROBBERY COMPUTER FRAUD</u>
ASSESSOR	\$ 10,000,000	\$ 5,000,000
AUDITOR/CONTROLLER	10,000,000	5,000,000
BOARD OF SUPERVISORS (PER SUPERVISOR)	10,000,000	5,000,000
DISTRICT ATTORNEY	10,000,000	5,000,000
PUBLIC ADMINISTRATOR-CORONER	10,000,000	5,000,000
SHERIFF	10,000,000	5,000,000
SUPERINTENDENT OF SCHOOLS	10,000,000	5,000,000
SUPERIOR COURT JUDGES	10,000,000	5,000,000
TREASURER-TAX COLLECTOR:		
TREASURER	10,000,000	5,000,000
TAX COLLECTOR	10,000,000	5,000,000

Notes:

- (1) Coverage with CSAC EIA Crime Program
- (2) Per occurrence.
- (3) \$100,000 Deductible

COUNTY OF SAN BERNARDINO  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS (IN THOUSANDS)  
JUNE 30, 2003

FISCAL YEAR	GROSS REVENUE	OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1993-94	6,225	-	6,225	-	6,225	6,225	1.0
1994-95	6,225	-	6,225	-	6,225	6,225	1.0
1995-96	32,459	8,535	23,924	6,285	1,635	7,920	3.0
1996-97	71,929	7,947	63,982	28,295	33,909	62,204	1.0
1997-98	55,012	541	54,471	21,925	32,546	54,471	1.0
1998-99	50,569	493	50,076	18,670	31,406	50,076	1.0
1999-00	41,290	1,259	40,031	9,185	30,559	39,744	1.0
2000-01	113,996	486	113,510	86,090	27,420	113,510	1.0
2001-02	34,508	315	34,193	13,195	20,998	34,193	1.0
2002-03	34,269	458	33,811	15,535	18,276	33,811	1.0

COUNTY OF SAN BERNARDINO  
 BUILDING PERMIT VALUATIONS, DWELLING UNITS AND BANK DEPOSITS (1)  
 LAST TEN CALENDAR YEARS  
 JUNE 30, 2003

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
VALUATIONS: (2)					
RESIDENTIAL	\$ 710,922	\$ 658,110	\$ 573,852	\$ 732,403	\$ 842,497
NONRESIDENTIAL	<u>302,209</u>	<u>368,011</u>	<u>411,129</u>	<u>397,631</u>	<u>527,367</u>
TOTAL	<u>\$ 1,013,131</u>	<u>\$ 1,026,121</u>	<u>\$ 984,981</u>	<u>\$ 1,130,034</u>	<u>\$ 1,369,864</u>
NEW DWELLING UNITS: (2)					
SINGLE FAMILY	5,354	4,585	3,852	4,703	5,124
MULTIPLE FAMILY	<u>498</u>	<u>145</u>	<u>101</u>	<u>311</u>	<u>469</u>
TOTAL	<u>5,852</u>	<u>4,730</u>	<u>3,953</u>	<u>5,014</u>	<u>5,593</u>
BANK DEPOSITS (3)	<u>\$ 5,541,160</u>	<u>\$ 5,625,169</u>	<u>\$ 5,581,891</u>	<u>\$ 5,706,988</u>	<u>\$ 9,017,358</u>

Notes:

(1) Building Permit Valuations and Bank Deposits are in thousands.

(2) Source: Construction Industry Research Board.

(3) Source: Federal Reserve Research Library.

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	
\$ 993,156	\$ 1,250,197	\$ 1,127,597	\$ 1,416,540	\$ 1,832,749	<b>VALUATIONS: (2)</b>
<u>642,910</u>	<u>758,616</u>	<u>766,421</u>	<u>764,931</u>	<u>731,846</u>	RESIDENTIAL
<u>\$ 1,636,066</u>	<u>\$ 2,008,813</u>	<u>\$ 1,894,018</u>	<u>\$ 2,181,471</u>	<u>\$ 2,564,595</u>	NONRESIDENTIAL
					TOTAL
					 NEW DWELLING UNITS: (2)
5,602	6,593	5,865	6,825	9,179	SINGLE FAMILY
<u>511</u>	<u>479</u>	<u>715</u>	<u>1,702</u>	<u>1,437</u>	MULTIPLE FAMILY
<u>6,113</u>	<u>7,072</u>	<u>6,580</u>	<u>8,527</u>	<u>10,616</u>	TOTAL
 <u>\$ 9,423,092</u>	 <u>\$ 9,632,110</u>	 <u>\$ 9,956,470</u>	 <u>\$ 10,681,508</u>	 <u>\$ 12,879,000</u>	 BANK DEPOSITS (3)

COUNTY OF SAN BERNARDINO  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 JUNE 30, 2003

<u>FISCAL YEAR</u>	<u>(1) POPULATION COUNTY OF SAN BERNARDINO</u>	<u>(1) POPULATION STATE OF CALIFORNIA</u>	<u>(2) POPULATION UNITED STATES</u>	<u>(3) SCHOOL ENROLLMENT</u>	<u>(4) UNEMPLOYMENT RATE COUNTY OF SAN BERNARDINO</u>
1993-94	1,592	31,556	258,897	322	9.5
1994-95	1,618	32,344	262,176	327	8.2
1995-96	1,589	32,321	264,023	336	7.9
1996-97	1,587	32,609	266,490	347	7.2
1997-98	1,621	33,252	270,732	357	6.3
1998-99	1,654	33,773	273,630	365	5.6
1999-00	1,689	34,336	275,377	374	4.8
2000-01	1,764	34,818	276,059	383	4.6
2001-02	1,784	35,037	287,170	394	5.6
2002-03	1,833	35,591	288,100	407	5.5

(1) Source: California Department of Finance.

(2) Source: U. S. Census Bureau.

(3) Source: Superintendent of Schools.

(4) Source: California Employment Development Department.

COUNTY OF SAN BERNARDINO  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2003

<u>TAXPAYERS</u>	<u>TYPE OF BUSINESS</u>	<u>TOTAL TAX LEVY FISCAL YEAR 2002-03</u>	<u>PERCENTAGE OF TOTAL TAX LEVY FISCAL YEAR 2002-03</u>
SOUTHERN CALIFORNIA EDISON COMPANY	ELECTRIC UTILITY	\$ 8,724,258	0.85 %
VERIZON CALIFORNIA INC	TELEPHONE COMPANY	7,306,428	0.72
LOMA LINDA UNIVERSITY & MEDICAL CENTER	HOSPITAL	4,442,358	0.44
CALIFORNIA STEEL INDUSTRIES INC	STEEL MANUFACTURING	4,079,109	0.40
MAJESTIC REALTY COMPANY	REAL ESTATE	2,425,276	0.24
SOUTHERN CALIFORNIA GAS COMPANY	GAS UTILITY	2,318,314	0.23
CEMEX INCORPORATED	BUILDING MATERIALS	2,236,519	0.22
MITSUBISHI CEMENT CORPORATION	BUILDING MATERIALS	2,102,431	0.21
INTERMOUNTAIN POWER COMPANY	ELECTRIC UTILITY	2,052,887	0.20
ONTARIO MILLS LIMITED PARTNERSHIP	RETAIL SALES	1,955,628	0.19
TOTAL		<u>\$ 37,643,208</u>	<u>3.70 %</u>

Source: County of San Bernardino.

COUNTY OF SAN BERNARDINO  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2003

**GEOGRAPHICAL LOCATION:** The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

**ALTITUDE:** Elevation ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

**AREA OF COUNTY:** Approximately 20,180 square miles (Largest area in the continental United States).

**COUNTY SEAT:** San Bernardino, California

**FORM OF GOVERNMENT:** Chartered County, governed by five-member Board of Supervisors

**DATE CHARTER ADOPTED:** April 7, 1913

**FISCAL YEAR:** July 1 - June 30

**REGISTERED VOTERS:** 613,930 as of June 30, 2003

**ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2003:**

**INCORPORATED CITIES (1):**

Adelanto	19,400	Montclair	34,300
Apple Valley	58,900	Needles	5,225
Barstow	23,000	Ontario	165,700
Big Bear Lake	5,875	Rancho Cucamonga	146,700
Chino	70,700	Redlands	67,600
Chino Hills	73,000	Rialto	96,600
Colton	50,200	San Bernardino	194,100
Fontana	145,800	Twentynine Palms	25,150
Grand Terrace	12,100	Upland	71,800
Hesperia	67,800	Victorville	72,500
Highland	47,400	Yucaipa	45,400
Loma Linda	20,150	Yucca Valley	17,950
		Total	1,537,350
		Unincorporated Areas:	295,700
		Total Population	1,833,050

**COUNTY EMPLOYEES (2)(3):**

1993-94	13,784
1994-95	14,013
1995-96	14,341
1996-97	14,650
1997-98	15,444
1998-99	16,637
1999-00	17,538
2000-01	17,535
2001-02	18,544
2002-03	18,265

**Notes:**

- (1) Source: California Department of Finance.
- (2) Source: County of San Bernardino.
- (3) Average figures including temporary and seasonal employees.